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# **VOLUNTARY ACTIVITY IN HOUSING A POLICY AND PROGRAM FOR THE THIRD SECTOR**




**A STUDY FOR  
ADVISORY TASK FORCE ON HOUSING POLICY  
PROVINCE OF ONTARIO**

**A STAFF STUDY**

**ONTARIO HABITAT FOUNDATION  
51 WOLSELEY ST.  
TORONTO, ONT.**

**MAY, 1973**



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## FOREWORD

Ontario Habitat Foundation was founded in 1970. It was initiated by a wide variety of organizations interested in encouraging non-profit and co-operative housing. The Foundation itself is a non-profit organization which currently is active in three program areas: assisting non-profit and co-operative groups to produce new and rehabilitated housing, assisting the effective management of completed projects, and research and policy studies in the area of social housing.

Because there is little information available in print on non-profit and co-operative housing, our experience with these organizations has been essential to the development of this study.

This study has been directed by John Jordan with contributions from Mary Lewis and Julie Case. Maureen Logan, Michele Harding and David Peters were responsible for the production of the completed report.



## TABLE OF CONTENTS

Foreword	i
Table of Contents	ii
1. Introduction and Summary	1
2. The Third Sector	12
1. A Third Sector	12
2. The Range of Third Sector Activity	16
3. Senior Citizens, Single Persons, and Families	21
1. Senior Citizens	21
2. Single Persons	30
3. Family Housing	40
4. Third Sector Program Characteristics	52
5. Policy and Program Elements	67
1. Adjustments	67
2. The Contextual Environment of Third Third Sector Housing	69
3. The National Housing Act Amendments	74
4. The Need for a Provincial Policy	76
5. Recommended Program Elements	78
Project Support	79
Sectoral Support	86
Appendices	
I Abbreviations	92
II Provisions for Co-operative Housing Under the Amended National Housing Act	93
III Housing Co-operatives in Ontario	94
IV Performance of Co-operatives in the United States	96





## 1. INTRODUCTION AND SUMMARY

There is underway a search for new solutions to the housing needs of low and moderate income families and single persons. Any new approach is likely to be one which recognizes the variety and personal character of housing needs and thus provides a range of alternative programs which may be drawn upon in particular instances.

This study is devoted to one range of alternatives -- what individuals and organizations can do themselves to produce and operate new and renovated housing.

The countries of Western Europe, which have been most vigorous in housing have made more substantial use of the non-profit and co-operative sector than has Canada. So has the United States. Cultural and economic systems differ in various countries, but the scale of non-profit and co-operative housing in other countries is still suggestive.

This is particularly so at the present time because of the increase in interest in housing by voluntary organizations, and the widespread demand for participation in urban decision-making and activity.

Non-profit and co-operative housing is being given more attention in housing policy. The 1973 proposed amendments to the National Housing Act expand the assistance available. The Dennis report urged that a major emphasis be put upon non-profit and co-operative programs.

We need now to assess the implications and possibilities for Ontario, and to examine an appropriate policy for the Province of



Ontario.

2.<sup>1</sup> It is difficult to define the range of non-profit and co-operative activity in housing. Typically it is defined in a negative sense by stating that it is neither public nor private development. We have chosen to use the term Third Sector as a neutral term which does not pass judgement on the precise characteristics of the housing or the forms of organization. It suggests an additional sector, one which is able to use the salutary features of private forms of organization in the achievement of societal goals. To date the range of the Third Sector has been extremely diversified and difficult to categorize, but some common elements are apparent. Third Sector activity is:

1. undertaken by organizations rather than individuals;
2. not for the purpose of financial gain for the members, (although outside parties may gain through contracts, and members may benefit through lower housing costs);
3. independent of a governmental mandate, although it may work in close conjunction with public authorities;
4. undertaken to meet a qualitative or quantitative need which is not met by the public or private (profit) sectors;
5. is representative of the voluntary tradition, that is, that individuals can organize to provide assistance to others or to themselves.

Research in this area has been extremely limited. Most attention

1. The numbers indicate the section of the full report which is being summarized.





focusses on physical design and planning rather than organizational patterns. We have reviewed Third Sector housing activity for the three major clientele groups: senior citizens, single persons and families, but these are examined more from the standpoint of organization and program characteristics than from that of specialized housing needs.

3.1 Senior Citizens. Housing for senior citizens has been the predominant mode of Third Sector activity in Ontario. In fact, until 1970 the proportion of non-profit activity for other than the elderly was, to quote a CMHC official, "insignificant". Senior citizens housing has been developed by voluntary organizations, for example, service clubs and churches. These tend to be local, highly autonomous groups who have drawn upon the social commitment of business leaders. These groups are motivated by the desire to provide service for the deserving needy. There have been few "repeaters" which indicates a major problem in terms of developing a significant level of Third Sector activity. The situation has changed in recent years with the increasing role of OHC in the provision of senior citizen housing. But there is good reason to continue Third Sector activity because,

1. non-profit projects are more apt to be concerned with the broader social needs of older people, and
2. non-profits add to the total volume of housing available to those with low and moderate incomes.

2.2 Single Persons. Single persons housing has typically been provided by what we shall call institutional non-profit organizations. These are ongoing community institutions which have undertaken a





housing service as an extension of their program. They have typically served the young single person as in the case of the very active program of the YWCA, or the older single person. One of the significant features in the single persons field is that there is no institutional locus for the middle-aged rooming house population. Recent attention has identified this group as having a serious housing need and yet it is unclear who will respond. Two possible sources can be identified. The first is community organizations which focus on the housing needs of a particular neighbourhood. The second is the inclusion of housing for single persons in predominantly family projects, as in a recent family co-operative.

Families. Family housing is a relatively new area of Third Sector activity. It has often been developed by what we identify as a participatory form of organization. There have been a variety of forms of non-profit organizations for rehabilitation or to serve native peoples. The largest volume is represented by the continuing housing co-operative which is responsible for 900 units in Ontario. There is also a resurgence of interest in the older method of the building co-operative.

Two aspects of the emerging organizational pattern in the family housing field are, first, the participation of intending users in the development and even more in the management of projects; and second, the growth of a network to support a larger scale program in this field.

4. Program Characteristics. We have attempted to identify major program characteristics of the Third Sector activities.



Cost Effectiveness. There is an impression that non-profit projects should be cheaper to operate and develop than similar projects under private or public auspices. The present state of information does not allow this impression to be supported or refuted in conclusive terms. There is little reason to expect that the capital costs will be significantly lower. Although we can identify several sources of cost reduction, many would be substantially reduced if the scale was increased significantly. There has been a strong tendency to place priority on high physical quality of the housing rather than cost reduction. This has led to better design and quality. With respect to operating cost, firm comparative information is not available. The American experience suggests that some economies can be realized.

The major economic argument for increasing the Third Sector in comparison to limited dividend or assisted home ownership, is that this sector provides a form of housing in which public resources will remain continually available to low and moderate income residents, and yet gives security of tenure.

Design. Third Sector projects are apt to be characterized by careful design planning and some levels of user participation.

Social Aspects. The entire thrust of the Third Sector is toward a notion of housing as more than shelter. Consequently this is the area which deserves particular emphasis. The participation in planning and the attention to the interest and needs of the residents are significant.

Program Packaging. The Third Sector has demonstrated an ability to make effective use of a wide variety of government and community programs in support of its housing program, a key requirement of a more complex approach to housing.





Organization. Four alternative forms of organization are identified and reviewed. The atomistic approach is dismissed because of its inability to motivate non-profit development. A corporate form that would place emphasis on a high volume of housing starts is also dismissed since it would be inadequate in providing for the participation which is an essential feature of the Third Sector program. The third alternative of an active government housing organization supplying assistance to the Third Sector has limited potential, particularly in the property management area and for informational and promotional functions. The final alternative is providing some form of organization developed by the Third Sector itself. It is this alternative that we favour in that it would enable the economic and social benefits of the Third Sector approach to be best delivered.

Volume. It is difficult to obtain accurate figures on the volume of Third Sector activity. Although there was substantial national decrease in activity in 1972, this did not occur in Ontario, and indicates the strong demand. Much of the decrease elsewhere is due to groups waiting for the new provisions of the amended NHA.

## 5. Policy and Program Elements.

5.1 Adjustments. Without significant change in the shape of provincial housing policy there would be a number of incremental changes which the provincial government could make to assist the Third Sector to perform more effectively to meet the housing needs of low and moderate income persons.

- a) Increase the per bed or per unit capital grant for senior citizens and express it as a percentage of unit cost rather





than as a fixed dollar amount. The minimum amount of this grant should be 10%.

- b) Senior citizens projects under Third Sector auspices should have access to a rent supplement program.
- c) Serious consideration should be given to OHC production of senior citizens projects to be operated by local non-profit organizations.
- d) Rent supplements should be extended to Third Sector family housing. This would require the following modifications:
  - i) priority to neighbourhood residents should be recognized in neighbourhood or community based organizations.
  - ii) The Housing Development Act should be amended so that rent supplements could be provided to full members of non-profit housing co-operatives.
- e) The development of a building co-operative program for smaller centres in the province should be further investigated.

#### 5.2-4 Framework for Provincial Housing Policies for the Third Sector.

The Provincial Government should also consider a major policy change with respect to the Third Sector. The following changes in the contextual environment of the Third Sector demonstrate the validity of this re-evaluation. Current attitudes toward home ownership are changing at least for some groups. A review of the elements involved in home ownership indicates the need for new forms of tenure. The demand for participation is strong and although participation could certainly be increased in both public and private housing, the Third Sector offers the most scope for participation.



The proposed amendments to the National Housing Act will substantially increase the forms of assistance which are available to non-profit and co-operative organizations. Federal assistance is still limited however to very particular aspects of project development. If Third Sector housing is to become significant there are other important areas requiring provincial policy. An active policy providing statutory provisions and a stimulation and support of Third Sector activity is the recommended policy option. Provincial support of the Third Sector will enhance the provincial role in housing generally. The province could play a major and yet supportive role in the development of a non-profit housing sector.

This sector serves an income group which is not being served by current provincial programs. It offers the means of enabling demand-side subsidies and thus allows low and moderate income families to take initiative in the meeting of their own housing needs. Support of the Third Sector would increase the amount of housing operated on a cost basis and thus continually available to lower income families.

#### 5.5 Recommended Program Elements.

##### Project Support.

1. Land. Land is the most frequently mentioned problem of Third Sector housing proponents. The difficulty is both price and access. To date non-profit organizations have not been able to obtain land in provincial land assemblies because it is sold by way of competitive proposal calls. Land can be leased to non-profit groups at a below cost rate in the initial years with a provision for recapture in the later years of the lease.





2. Capital grants. 10% capital grants should be available in particular for housing for the elderly, for mixed income projects which would operate with an internal surcharge and subsidy system (similar to that already in effect in non-profit co-operative projects), and in areas of very high construction costs.

Consideration should be given to "high impact grants". These could be phased in during the initial ten to fifteen years of the project on a gradually decreasing amount. The total amount of the grant would be no more than that provided on the initial capital cost writedown basis. This approach more than doubles the cost benefit of a grant in the initial years.

3. Social Development Staff. There is an important and currently unmet need for staff to perform counselling, referral and social development roles in projects. This is particularly the case in projects for senior citizens and single persons. It is recommended that provincial funding assistance be provided directly to the Third Sector organization through the provincial housing arm for this purpose.

4. Rent Supplements. Rent supplements are a necessary part of any program for the Third Sector. Priority should be given to neighbourhood residents in neighbourhood based projects. For co-operative projects an amendment to the Housing Development Act Section 9 (2) (a) is required to enable subsidies to be made to persons who are members of a co-operative.

5. Program Packages. A major function of the provincial government should be the design and negotiation of packages at the



program level so that they could be more easily implemented in the instance of an individual project.

5. Rehabilitation. Financial assistance should be provided to underwrite the administrative costs of rehabilitation projects. Further assistance should be provided in reducing the land cost which must be borne by these projects, as a form of long term provincial land banking.

#### Sectoral Support

Support cannot be provided at the individual project level alone. If it is, then the de facto policy will be a passive one. An active policy demands a range of assistance for the Third Sector as such. This will focus on creating the policy, organizational and public opinion context within which individual projects can be undertaken. The following are the key areas of sectoral support which can be undertaken by the province.

1. Information and Promotion. A program similar to the one undertaken with respect to condominium housing, designed and implemented in conjunction with Third Sector organizations is a major initial requirement. It must of course be co-ordinated with the increasing ability of the Third Sector to deliver various forms of housing.

2. Technical Service Organization. The province should provide financial and organizational assistance to an organization which can provide a variety of supportive services to Third Sector projects. Similar institutions in the United States would be the Non-profit Housing Centre and the Foundation for Co-operative Housing. At the present time, it is recommended that one organization at the provincial level be developed with the possibility for regional





technical service organizations developing in the future. A distinct organization would seem to be appropriate in the case of housing for native peoples.

3. Relationships to Other Provincial Housing Programs. Third Sector could play an effective role in the context of neighbourhood improvement programs and the development of new towns. In both instances the Third Sector offers a vehicle for participation in a situation of rapid social change.

4. Manpower Development. A training program should be developed. One model is the Housing Specialists Institute in Washington D.C. The skills would overlap with those required in public housing and condominium management.

5. Research. At the present time the research priorities of the Ontario Housing Corporation are focussed on the technological aspects of housing. It is recommended that emphasis be given to research which focusses on the social dynamics or social technology of social housing development.

6. Representation. We recommend that an advisory committee be established to perform an advisory and representative function for the Third Sector.

In the next few years the primary emphasis should be upon the promotion of the Third Sector as a realistic housing alternative for low and moderate income families and upon developing the manpower and technical support institutions required to support a rapidly expanding role for non-profit housing.



## 2. THE THIRD SECTOR

### 1. A Third Sector

Our everyday language speaks of public and private sectors in the economy and society, and generally assumes the relationship between them to be one of mutual exclusivity. The public sector is the state and its agencies at different levels. The private sector comprises all (generally organized) initiatives which do not take place under the aegis of the state.

This neat dichotomy has collapsed under the following pressures:

1. It overlooks a necessary distinction and is thus ambiguous in an important sense. Private may be defined in a Porphyrean manner as meaning simply non-public (state). But in this event a further distinction is required between activity for private gain or profit maximization, and activity for eleemosynary purposes or mutual non-financial benefit. (The latter is reflected in the legal distinction between charitable and non-profit activity.) Thus, there are two private sectors, one oriented toward profit and the other toward some social goals.

2. The increase in the scope and competency of government, in organizational scale generally, and the acknowledgement of the need for and legitimacy of planning have led to a widespread recognition of the interpenetration of all three sectors. These factors are all related to an attempt to increase the rationality of the overall system, and thus to enable the optimal allocation of limited resources. As society attempts to grapple with more complex social problems (such





as poverty, resource management, pollution), then it becomes obvious that an approach is required which can utilize the capabilities of organizations distributed through the various sectors.

3. The activity of most sectors (or organizations) engenders 'externalities', that is effects which are not borne by the producer and which may be passed on to the society as some form of social cost. (In the less common instance it may be a benefit; for example, the manner in which the telephone directory serves as a general address book for the society.) This is easily recognized in the social costs due to private industrial pollution, but also occurs in any instance of state action.

What we have tentatively termed 'voluntary activity' in housing takes place in a housing arena in which the public and private (profit) sectors are dominant. The public sector comprises Ontario Housing Corporation, various municipal housing corporations, and certain specialized housing provided directly through provincial government ministries.<sup>1</sup>

The private sector includes builders and developers, or in a more extended sense, what James Lorimer<sup>2</sup> calls the property industry. It also includes, and this is generally overlooked, the individual home owner. (The Ontario government frequently has stressed that its activity in housing supports the private sector rather than competing with it or working against it.)

1. Cf. Klein and Sears, "A Description of the Roles of Governments in Housing in Ontario." Advisory Task Force on Housing Policy, Background Report No. 2. January 1973.

2. A Citizen's Guide to City Politics (Toronto, 1972).



There exists another sector which is the direct subject of this study. This is the private sector which attempts to meet certain housing needs on a non-profit basis. This is often referred to as the non-profit or voluntary sector, but neither term is entirely satisfactory. Some, such as Montreal architect Joe Baker, argue that the term non-profit is misleading because profits are earned during the production of non-profit housing: "Everyone surely knows that home builders earn a fee in construction management."<sup>1</sup> A further source of confusion arises from the National Housing Act. From 1964 to 1969 the NHA contained a non-profit section (Section 16A) which was distinguished from limited dividend (Section 16). Section 16A was used by municipal and provincial housing corporations (the public sector) as well as by private non-profits. Canadian Housing Statistics incorporates these public projects under the non-profit label. (E.g., CHS 1972. Table 48.) Although Section 16A was removed in 1969 in favour of a less specific section, this distinction has been maintained by Central Mortgage and Housing Corporation.

The term non-profit is not satisfactory with respect to co-operative housing. From the standpoint of co-operatives, all their activity is non-profit because it provides service at cost to members. But legislation, including Ontario's, distinguishes between co-operative and non-profit corporations. (Cf. The Corporations Act, Parts III and V.) Co-operative proponents also point out that co-operation has a tradition, philosophy and principles that involve far more than the elimination of profit.

1. "No More for the Really Poor" the NHA Amendments 1972, The Canadian Architect, August, 1972, p. 45.





The term voluntary is misleading because many non-profit and co-operative organizations have paid staffs which are responsible for much of their housing activity. Dr. L. C. Keyes has stated:

"One dangerous assumption about non profits is the view that the essence of such sponsorship is the voluntary participation of concerned citizens.

....The desire to house low and moderate income people is not enough. Nor is voluntary participation by concerned residents. The myriad technical details of the development must be overseen by individuals representing the interests of those concerned residents and having the time and ability to translate those interests into bricks, mortar and management."<sup>1</sup>

Faced with the limitations of these terms, we have chosen to use the term Third Sector. There is general recognition that an additional sector exists, and the use of the term "third" is prefigured in the older designation of a Third Force in housing.<sup>2</sup> Third Sector is a neutral term which does not pass judgement on the precise characteristics of the housing or the forms of organization. It does suggest that this additional sector is one which is able to use the salutary features of private forms of organization in the achievement of

1. "The Role of Non profit Sponsors in the Production of Housing." Papers Submitted to Subcommittee on Housing, Committee on Banking and Currency, U.S. House of Representatives. (Washington, D.C., G.P.O., 1971) p. 168.

2. Charles Abrams, Man's Struggle for Shelter in an Urbanizing World, (Cambridge, Mass.: MIT Press, 1964) p. 116; Jim MacDonald, "The Third Force", Canadian Labour, February 1968.



societal goals. This characteristic is expressed in the term currently in use in the United States -- public interest housing. The use of a third sector as a means of grappling with complex problem areas of contemporary society has been receiving increased attention by social scientists<sup>1</sup>, and seems particularly appropriate in the area of housing.

## 2. The Range of Third Sector Activity

Third sector activity to date has been extremely diversified and difficult to categorize. Perhaps the best way to gain some appreciation of it is through examples of the various types of activity.

1. The sponsorship of a project to provide housing for the elderly by a church congregation or a service club.
2. The purchase and renovation of existing housing by a neighbourhood organization in order to provide moderate cost housing and give increased stability to the area.
3. The establishment by the residents of an urban renewal area of a vehicle to develop new housing so as to enable the residents to have a substantial control over the type of housing provided and to encourage existing residents to remain in the area.
4. A project by a local social service agency to provide specialized housing accommodation for the mentally retarded.

1. Cf. A. Etzioni, "The Untapped Potential of The Third Sector," Business and Society Review, No. 1 (Spring 1972) 39-44.



5. The development of a housing co-operative by a co-operative sponsorship organization with the participation of a local labour council and social planning council.
6. The provision of a halfway house by a local organization in order to provide a mediating environment between a highly institutionalized form of care and individual responsibility.
7. The setting up of a room registry service for various forms of specialized housing care by a social service agency. The registry might be for senior citizens, single persons or unwed mothers.
8. Access to home ownership by individuals developing housing through a condominium corporation or a self-help building co-operative. (Some would argue that this is not Third Sector housing because the home ownership position proffers the likelihood of financial gain.)
9. Action by organizations of native peoples to provide housing for their members on reserves or in urban areas.

This catalogue could be extended but these examples should suffice to indicate that Third Sector housing as used here means organized efforts to either produce or manage housing units or to provide a housing related service. At this point we are restricting the term in this sense and therefore exclude a variety of relatively ad hoc voluntary efforts in housing by membership associations. This would include block clean-ups or the surveillance of housing use and condition in the neighbourhood.





It is extremely difficult to elaborate a strict definition of the Third Sector, but it is possible to set out basic, common elements. A strict definition is almost certainly premature, and in any event of little utility. The following are common elements. Third Sector activity is

1. undertaken by organizations rather than individuals;
2. not for the purpose of financial gain for the members, (although outside parties may gain through contracts, and members may benefit through lower housing costs);
3. independent of a governmental mandate, although it may work in close conjunction with public authorities;
4. undertaken to meet a qualitative or quantitative need which is not met by the public or private (profit) sectors;
5. is representative of the voluntary tradition, that is, that individuals can organize to provide assistance to others or to themselves.

One shift deserves mention at this point even though it will require discussion later. This is the shift from paternalistic to participative forms of activity. This has implications both in law and in strategies for social change and income redistribution.

### 3. Studying The Third Sector

The suburbs, inner-city areas and public housing have all received much more attention from social scientists than have the various forms of Third Sector activity. There has in fact been very little study of housing under various forms of tenure and sponsorship.



Much more attention to date has been lavished on physical design and planning. In the past few years there have been a number of studies of Third Sector efforts in the United States. Because of the substantial similarities between U.S. and Canadian housing policy, these studies are useful, but the different social situations in the U.S. and Canada must be kept in mind.

A major study of NHA financed housing for the elderly is currently underway by the Canadian Council on Social Development, but the final report will not be published until later this year.

Given this situation we have used such studies as are available, interviews with persons active in Third Sector housing activity, government officials, and our own experience in working with Third Sector organizations.

The objective of the paper is to arrive at recommendations for policy and programs for the Third Sector. Two points should be kept in mind in the following section.

First, this is not a study of specialized housing needs and no attempt has been made to examine the full spectrum of voluntary, non-profit, and co-operative activity. We have instead looked at activity in meeting the housing needs of three major clientele groups: senior citizens, single people, and families. But these are examined more from the standpoint of organization and program characteristics than from that of specialized housing needs.

Second, in the case of each clientele, we will look at four areas:

1. We will present a "constructed type" of a project as a means of illustrating the common elements and the dynamics of the development





of such projects. The use of constructed types enables the presentation of a more complete and balanced presentation than would be possible through a case study of a particular project.<sup>1</sup>

2. We will present what information is available on the dimensions of non-profit activity. Data is sparse and incomplete, but it does indicate the rough order of magnitude of activity to date.

3. The benefits of Third Sector activity will be explored and relevant information provided, especially that which bears upon policy or program.

4. There will be an examination of the organization of activity and its relationship to effective performance and ability to produce a large volume of units.

The Third Sector to date has been quantitatively marginal, and in this examination, there is no intention to assume that what has been is what will be.

1. H. Becker, Through Values to Social Interpretation, (New York, 1968).



### 3. SENIOR CITIZENS, SINGLE PERSONS AND FAMILIES

#### 1. Senior Citizens

Housing for senior citizens has been the predominant mode of Third Sector activity in Ontario, as in most of the other provinces. According to figures recently compiled by a CMHC official, 96% of the self-contained units, and 94% of the hostel beds funded as non-profits from 1964 - 1972 were for senior citizens. The percentages would likely be less in Ontario because of more diversified activity, and also because much of the senior-citizen activity recorded by CMHC as non-profit in Ontario is by municipal and provincial housing corporations. But there would seem to be validity to the comment of a CMHC regional office official, that until about 1970, the proportion of non-profit activity for other than the elderly was "insignificant".

Constructed Type. In the mid-1960's a downtown church congregation in one of the province's larger cities became concerned with the housing conditions and isolation of older people in their area. They thought that the loneliness in particular was being accelerated by relatively rapid changes in the neighbourhood. The congregation, led by its minister and a businessman member, decided to provide housing on part of the land owned by the church. A non-profit corporation was formed, an architect engaged, and the planning begun.

The development expertise was supplied in large measure by the architect whose role extended beyond its customary functions. The businessman on the board also provided valuable skills, but it was the



continuing leadership of the minister that proved vital. This was an entirely voluntary effort on behalf of the church since no staff were engaged until it was time to prepare for opening the completed building. Most of those closely involved with the project recall it as a trying and demanding experience, one that was not made easier by the cumbersome church committee system.

The development itself consisted of 150 single and double rooms, together with dining facilities and a variety of other activity spaces. The land fulfilled the equity requirement. The province provided a capital grant of \$5000 per bed, and a CMHC mortgage loan under NHA Section 15 provided the balance of the funding.

The project has an extensive staff which provides meals and house-keeping assistance. The project is inter-related with other programs of the church which provides the residents with additional contact and support. Outside agencies are relied on for specialized aid in areas such as nursing. Careful control of the operating budget has meant that no increase in rates was necessary for the first five years.

Organization. There are three major variants of organizational forms within the Third Sector, and each of these articulates with one of the major client groups. For senior citizens housing, the predominant organizational form is the voluntary organization. They are best exemplified by the service clubs, who have produced the greatest proportion of non-profit housing, and the churches.

The voluntary organization is characterized by a pattern of local, highly autonomous groups. Projects are usually initiated





through the efforts of one or two members. The professional talents of the membership is often drawn upon. The motivation is usually to render service to the deserving needy, and in the case of service clubs, to demonstrate the social commitment of the business community.

This organizational form is effective in drawing out a range of local competence and experience. But the voluntary approach to development is often more demanding than the group is prepared for. This is a major reason for a major shortcoming of this form of organization: the lack of repeaters. Dr. L. C. Keyes observes that

"Throughout the process of recruiting local church, union, and civic organizations for non-profit sponsorship rode the assumption that once an organization had been through the time consuming and technical complexities of the development process, it would be able to utilize that skill in future packaging of mortgages. Thus there would be a multiplier effect derived from repeat sponsorship. However, with some notable exceptions, the fact has been that one charge into the breach of housing production is sufficient for the lay group. Exhausted by their initial efforts, anxious to avoid over-expansion, they tend in many cases to go no further."<sup>1</sup>

From the standpoint of achieving a significant dimension of Third Sector activity, it is vital that there be an accumulation of experience which can be brought to bear on successive projects.

1. "The Role of Non profit Sponsors in the Production of Housing," op. cit., pp. 165-166.



Whether or not this takes place is a key indicator as to the effectiveness of the development method and program. According to CMHC officials, there are no known instances of voluntary organizations taking on additional development projects. There are several instances of usually small additions to projects, but since the operating staff of the first project play a major role in these, the dynamics are quite different.

Although most voluntary organizations, especially service clubs and churches, have some form of regional or rational structure, the operating patterns are highly local and autonomous. Central offices do not maintain information about previous housing activity, nor with one exception, do they provide housing program information to chapters or congregations. One interviewee thought that this would amount to an intrusion into the affairs of the local chapters.

Dimensions. For reasons already referred to it is not possible to extract figures on Third Sector production from Canadian Housing Statistics. An analysis prepared by the CCSD of projects occupied by the end of 1970 shows the following:

	<u>Projects</u>	<u>NON-PROFIT</u>		<u>Projects</u>	<u>PUBLIC HOUSING</u>	
		<u>Dwelling Units</u>	<u>Hostel Beds</u>		<u>Dwelling Units</u>	<u>Hostel Beds</u>
Ontario	95	5,382	1,414	161	8,992	239
Canada	530	12,820	7,669	216	11,159	239

Thus in Canada more units and projects were produced under non-profit than under public housing financing while the opposite was true in Ontario. Non-profits in Ontario did produce more hostel beds,



a characteristic of non-profit activity generally.

If one breaks down the 82 of the 95 projects in Ontario whose sponsorship could be determined, then 30% were due to ethnic groups, service clubs, and churches, 46% to municipalities, and 24% to the province.

There are a number of projects which are not represented in these figures. Twin Pine Apartments, for example, was established by the United Co-operatives of Ontario in 1960 to act as a sponsor of senior citizen projects in smaller Ontario municipalities. It worked in conjunction with local service clubs and developed 17 projects by 1966. It raised loans for the equity required and was thus classed as a limited-dividend corporation.

It is not possible to identify those projects which had received loan commitments by the end of 1970 but which were not yet occupied. In 1971 and 1972, CMHC made 29 non-profit loans in Ontario. Nine were for senior citizens, and only 1 of these was a public corporation.

Eight project approvals for 1971-72 compares with about 50 projects from the mid-1950's to 1970. This indicates that the focus of non-profit activity is broadening but that the level of non-profit activity in senior citizens housing is increasing as well.

The relative importance of non-profit sponsorship has receded since the Ontario Housing Corporation senior citizen program began to assume significant dimensions. Persons interviewed mentioned three factors all of which bear upon cost. First, receipt of the provincial capital grant was dependent upon the municipality agreeing to limit taxes to \$25 per unit per year. This was not required in





the OHC program, which was therefore more attractive. (As C. A. Curtis used to point out, "municipalities live by taxing houses, not by supplying them.")<sup>1</sup> Secondly, non-profits could not compete with the rent-geared-to-income rates of OHC projects. Sponsors were still oriented toward supplying housing to low income people, but the public authority could reach lower through subsidies. It is claimed that prospective residents find it difficult to understand why the non-profit projects should be more expensive.

Thirdly, there has been no increase in the provincial capital grant to offset the increase in the cost of housing production factors. A number of persons interviewed referred to their having studied the feasibility of a project and decided not to go forward because of the projected rents which meant they would not be able to accommodate those with low incomes. There is still substantial interest in this form of service, but related largely to those with lower incomes. There is a need for rent supplement funds to reduce housing costs.

Economic and Social Factors. The information to carry out a full scale comparison of the relative cost effectiveness of public and non-profit activity is not available. We can briefly look at three economic areas.

**Capital Cost.** Since voluntary organizations invariably hire a general contractor, there is little reason to think that the economics would vary for this dominant cost item. Developers and builders have

1. "Housing," The Canadian Banker 52 (1945) p. 70.



not actively promoted themselves with potential sponsors (possibly because of the dominance of the public program) and this combined with the significant presence of professionals and businessmen on the boards of non-profit sponsors seems to have effectively prevented the unscrupulous manipulation of sponsors which has occurred in some U.S. programs.

Non-profits do have a number of common areas where their costs have been reduced. Almost all projects seem to include at least two of the following:

- contribution of land
- contribution of professional services (legal, accounting, audit, etc.)
- contribution of equity funds
- background and need studies underwritten by funds from

Local Initiatives Program or Opportunities for Youth.

The total of such contributions is in the order of a few points higher than the percentage equity required. Thus, since the NHA Section 15 equity requirement was reduced to 5% in 1969, the total of contributions would seem to be in the order of 7 - 10% of cost. Land is often the major element. The equity requirement has been a deterrent when it demanded a public fund drive.

Operating Cost. There is little reason to assume that there would be any substantial difference in the operating costs. Public projects likely have higher staff and overhead costs but this may be partially offset by purchasing power.

The major issue is the total amount of housing on a rent-geared-



to-income and rent regulated basis which will be available to senior citizens. The Third Sector sponsorship offers a means to obtain greater federal funds for the Ontario population than could be obtained by OHC alone. It does require that the non-profit sector ~~be~~ encouraged by greater provincial assistance than is presently available now. The much greater levels of non-profit production in British Columbia, Manitoba, and Quebec can be directly related to provincial policies, which in all cases include substantial capital grants (up to 35% of unit cost) and in some cases, tax reductions.

Social Content. The social content of housing for the elderly is the major determinant of whether it will prove to be satisfactory accommodation for its clientele. This is one area where the non-profit projects appear to differ from projects under public auspices, although the difference may be less pronounced in small local housing authorities. Non-profits are characterized by higher rates of volunteer involvement in programs, formal or informal, with the residents. These projects are often more thorough in ensuring that the necessary range of social service agencies (nursing, housekeeping, meals-on-wheels, etc.) are represented in the project. Non-profit projects would also seem to be distinguished by the perspectives of staff and managers. In non-profit projects, they are more apt to be more concerned about the social needs of residents. (Interview, M. Audain, Canadian Council on Social Development.)

Senior citizens housing undertaken by OHC has with few exceptions been in the form of self-contained dwelling units. Non-profits have





more commonly provided hostel accommodation which is usually more suitable for those elderly no longer capable of looking after their own housekeeping. Because of the decreased independence and the greater social interaction in a hostel project, the value and leadership of the non-profits deserves attention.



## 2. Single Persons

Single persons is the oldest arena of non-profit housing activity in Ontario. The Toronto YWCA traces the beginnings of its housing programme back to 1873. There has been considerable wax and wane of activity in this century, but there are signs at the present time that new directions are being sought and of rising interest in providing particular types of housing service.

Clientele. The high incidence of low income among single persons has been well documented in recent years.<sup>1</sup> In the absence of 1971 census data which relates income, housing type, and age, we have used 1968 data based upon sample surveys.

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1. In addition to subsequent footnotes, see N.H. Lithwick, Urban Poverty, Urban Canada Research Monograph 1, (CMHC, 1971), chapter C; M. Dennis and S. Fish, Programs in Search of a Policy, (Toronto, 1972) chapter 2; M. Lewis, "Single Persons Housing in Canada", (CMHC, 1971).



All Unattached Individuals

<u>Income</u>	<u>Estimated Number</u>	<u>% Own</u>	<u>% Rent</u>
Under \$1,000	105,000	53.4	46.6
1,000 - 1,999	228,000	51.7	48.3
2,000 - 2,999	84,000	47.3	52.7
3,000 - 3,999	81,000	25.3	74.7
4,000 - 4,999	72,000	29.0	71.0
5,000+	193,000	24.2	75.8

Unattached Individuals Under 65 Years

<u>Income</u>	<u>Estimated Number</u>	<u>% Own</u>	<u>% Rent</u>
Under \$1,000	62,000	49.9	50.1
1,000 - 1,999	61,000	38.7	61.3
2,000 - 2,999	50,000	40.0	60.0
3,000 - 3,999	58,000	20.7	79.3
4,000 - 4,999	56,000	19.0	81.0
5,000+	174,000	21.7	78.3

(Statistics Canada, Household Facilities by Income and Other Characteristics, 1968. April 1972. Catalogue 13-540, Table 20A, p.146.)

A high percentage of renters are believed to be living in rooming houses, if they reside in urban areas.





A study of roomers in a downtown Toronto area was carried out in 1971-1972. Among its findings were the following:

Age

15 - 19	1%
20 - 34	18%
35 - 59	50.9%
60+	27.3%
No answer	<u>2.8%</u>
	100%

Income

0 - 1,999	54.7%
2,000 - 2,999	16.1%
3,000 - 3,999	9.4%
4,000 - 4,999	4.7%
5,000+	11.3%
No answer	<u>3.8%</u>
	100%

Percentage of Net Income Spent on Rent

0 - 25%	18.8%
26 - 50%	41.5%
51 - 75%	25.5%
76%+	3.8%
No answer	<u>10.4%</u>
	100%

(M. McMaster, N. Browne, A Study on Roomers (Toronto 1972) Tables 2, 4 and 48.)



From these reports a composite picture emerges. The majority are not senior citizens. Although they are distributed along the age spectrum from youth to senior citizens, a great need seems to be amongst the middle aged persons and young people. Those in their forties and fifties are likely to be male and have some form of health handicap which limits their employability. Young persons in need of housing are more likely to be unemployed, working in jobs with low salaries, or students at trade schools who are not eligible for government assistance.<sup>1</sup> It is important to emphasize that we are speaking here of persons whose basic need is for adequate low cost housing. We are not speaking of single persons with problems which require more extensive treatment. It is important to emphasize this because often the housing difficulty of the single person is equated with that of the skid row alcoholic or other persons requiring intensive social assistance.

The most likely form of housing for low income single people is a rooming house. Roomers, as Norm Browne has stated, are the lost race of society in terms of social policy. Rooming houses are usually not regulated by any form of public authority. They are often sharply inadequate from the standpoint of facilities, furnishings, privacy, and security of tenure. Rooming houses adjacent to the expanding central business district are usually

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1. Cf. Committee on Youth, It's Your Turn..., (Ottawa, 1971) pp. 59-60.



being held by non-resident landlords for the increase in land value. They, accordingly, have little interest in the longer term value of the buildings and this is expressed in the lack of maintenance. Even the retention of downtown residential areas through the return of the middle class holds little promise for roomers. This will simply be another source of pressure upon the housing stock available to single persons with low incomes.

The question here is not simply one of housing availability and cost. It is also, particularly for young people, one of life style. There would seem to be a demand for facilities which allow a higher degree of social contact and sharing than is available in the conventional apartment building.

Government does not think it has a mandate to provide subsidized housing for single people. Yet this is clearly an area of tremendous housing need, and one in which there is a complete policy vacuum at the moment. Single people who are not senior citizens are the one large clientele for whom no assisted housing is provided.

Activity. In contrast to senior citizens housing, there is no standard pattern in the provision of housing for single persons. For this reason it would not be useful to provide a constructed type. To date most non-profit activity has focused upon



providing for young people and this has been done under NHA Section 15. In the past few years the type of project, financing, and clientele has begun to diversify within non-profit projects.

The soon to open joint Ontario Housing Corporation-Young Women's Christian Association Project in Toronto deserves attention simply because it is so atypical. The initial concept for the project and the basic planning came from the YWCA. The Toronto YWCA has had an active housing program for many years. At the present time they are involved in a half dozen housing programs of various types. Their decision to develop a new project stems from their analysis of the unmet need which was brought home to them in their existing housing. When they realized that the rates for a single room in the downtown area would not likely be less than approximately \$80 per month, they decided to approach OHC about a joint venture. The YW was determined to provide housing for lower income working girls. The YWCA decided against a dormitory approach and instead adopted a design based upon the cluster principle. This provides a group of four to six bed-sitting rooms clustered around a common bath, kitchen and lounge facility. Different types of larger common space are also provided for use in the residence. In the initial concept, transient facilities were also included but these were eliminated because of CMHC objection.





The building will be owned by OHC, but will be administered by the YWCA. It will have full responsibility for operating the project, including the administration of admission procedures and the waiting list. Residents will pay 25% of their income as rent. The YWCA is providing the furnishings for the project and also social support staff.

The project has made very substantial demands on the YWCA. A special fund raising drive was necessary in order to raise the cost of the furnishings. It is not clear why the government did not agree to these being financed as part of the building cost. OHC has also taken the position that the staff budget allocation for the building would be based only upon the staff required for basic property management. There is no budgetary provision for the counselling or social support staff which the YW feels to be necessary. Consequently, the YW will have to provide this staff function from its general program budget. The YW also incurred significant costs as part of its initial planning of the project which were not accepted as part of the development cost. All of these factors will tend to limit the possibility of a project of this nature being repeated.

The significance of this project lies in the joint efforts of the public sector and the Third Sector, and in providing rent-geared-to-income housing for single persons of working age.



In Sudbury, a different type of housing for single persons has been provided. This project provides housing for senior citizens and younger people within one building together with a social service centre. This is another project of joint sponsorship, this time between the YW and a United Church.

In the City of Thunder Bay a third approach is being tried. This is a large scale project to provide for the housing needs of the varied residents of an urban renewal area. It will include housing for families, senior citizens, and for single people. For the latter, both bachelor and cluster units are being included. The project is being developed by a non-profit corporation which includes among its sponsors a variety of social service organizations, city officials, and client representatives.

Another group of projects emanate from associations for the mentally retarded, children's aid societies, and other organizations providing housing for children and young people not living at home. A staff component is necessary for these projects but the current funding requires a degree of institutionalization which is contrary to the requirement for a homelike, residential environment.

It is not possible to get any reliable information on the dimensions of the single persons housing which has been provided to date,<sup>1</sup>

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1. A listing and some information is contained in Statistics Canada, "Non-Institutional Special Care Facilities and Programs, 1971-1972". August 1972. Catalogue 83-519.



except for the past two years. Of the 29 NHA Section 15 loans made in 1971-1972 to Third Sector organizations in Ontario, 8 were for various forms of single persons housing.

Organization. Projects for single people are generally undertaken by what we shall call institutional non-profit organizations. These organizations are characterized by substantial staff involvement in the development process, although in keeping with the nature of the various agencies, there is usually significant voluntary contribution as well. The key difference, however, between an institutional and voluntary organization is that the project grows out of an ongoing institution which has a range and variety of programs, and perhaps some previous experience within the housing arena.

The availability of staff usually means that the voluntary efforts can be focused upon particular items and that the major portion of the administration can be picked up by staff. The institutional non-profit projects also display a more elaborate form of organization which means that "repeaters" will occur and that projects can be stimulated through the organizational structure. Because most of these institutional non-profits are social agencies the social content of the project is likely to receive both more attention and attention of a higher qualitative order.





Up to the present time there is no institutional locus for the concerns of the middle aged rooming house population. This raises the question as to the likelihood of this housing need being met within the Third Sector. It must be said at the present time the situation is far from being clear or having been determined.

There would seem to be two possible sources for projects of this nature. The first is in projects similar to that under development in Thunder Bay. In this case the sponsorship comes from a broad institutional range and is focused upon the housing needs of a particular neighbourhood. It is not unreasonable to expect that the growth in neighbourhood organizations will lead to increasing recognition and concern for the housing needs of single persons.

The second possibility is the inclusion of housing for single persons in predominantly family projects. One example of this is the Alexandra Park Co-operative which is including several rooming houses. This is one expression of what should be an obvious element of any policy concerning housing for single persons: that there is no need for segregation into large projects. The inclusion of such rooming house units could be promoted within most family projects.



### 3. Family Housing

Family housing is a relatively new area of Third Sector activity, and it is being developed by a new type of organization.

Traditional sponsors of non-profit housing have not moved into providing family housing. This may be in large measure due to their guiding rationale. Providing housing for the elderly could be rationalized on the grounds of the needs of the deserving poor, and housing for young women could be defended on the basis of the moral protection it afforded. But family housing becomes involved in the powerful issues of resource and income distribution in the society, and the mythology surrounding the work ethic, poverty, and individual effort.

All non-profit activity in family housing is a function of the past few years. Five projects presently have commitments. Three are for the purchase and renovation of existing housing, and two involve new construction. One of these is the Thunder Bay project mentioned in the previous section in which family housing constitutes a portion of the total accommodation.

These projects are emanating from new organizations. One type are participatory organizations providing housing for their members. Two of these projects are for native peoples, and are a case in point. The other source lies in more traditional social assistance organizations which are becoming more committed to direct action approaches.



The other new organizational form is the continuing housing co-operative, which has been responsible for most of the Third Sector activity in family housing. Since 1970, six projects have received loan commitments, which when added to a 1968 project, provide for over 900 units. There is also a resurgence of interest in the older method of the building co-operative.

We shall look first at some examples of non-profit activity, and then at the co-operatives.

Activity. A downtown Toronto project is purchasing, subdividing and renovating existing housing within a neighbourhood. The project was sponsored by a settlement house and the organizational pattern is a combination of voluntary and institutional elements. The sponsors intend to draw the residents of the project into the ongoing operation of the various units. Housing units are being rented to families with low incomes, including a number of single parent families. In a number of instances the residents are paying more than 30% of their income for rent. This is being permitted on the rationale that they would be paying a high proportion in any event and in this situation they have better housing and greater security of tenure.

The residents of a downtown Toronto urban renewal area have formed a non-profit corporation to be responsible for the development of the new housing within their area. This has been done in order to enable the residents to exert significant control over the type of redevelopment which occurs. It is planned that the completed



housing will be leased and sold and that each form of tenure will be facilitated on both a full recovery and subsidized basis.

This project is heavily participatory in its approach to design and development. The participation extends beyond the members of the corporation to the residents of the area. Upon completion of the project the residents of the rented units will become involved in the corporation.

In Kingston, a local group of the Coalition for Development have developed a small project intended for families receiving transfer payments. The initial intention was to finance the entire project out of grants and donations, but in the event a mortgage was necessary. The mortgage, however, is quite low since almost half the cost of the project was raised through donations.

There are three aspects of these projects which should be noted.

1. All have made a conscious effort to draw the residents into the planning or operation of the project.
2. There is a strong orientation to provide housing for low income families, but to avoid doing it in an income stratified project.

Various techniques have been used to reduce the project cost, and rent supplements are being sought. One issue which is constantly raised with rent supplements, particularly by neighbourhood based groups, is a demand that priority go to residents of the area.

Although in certain situations this could become highly inequitable, it would seem good policy to encourage rent supplements in community





based housing, and to reinforce neighbourhoods by giving priority to existing residents. This provides a means of introducing subsidized accommodation into existing neighbourhoods.

3. There is an increasing tendency for neighbourhood organizations to initiate action to preserve and/or improve their housing stock. In addition to the two groups mentioned in this section, there are also groups with similar objectives in London, Ottawa, Toronto and other cities. These groups are often in middle income areas where the housing stock is old but fundamentally sound. It may be in need of dividing into economic units. It is highly significant that all these groups are attempting to make provision for low income families, usually through rent supplements.

Co-operative housing was active in Ontario in the decade following World War II, in the form of the building co-operative. During the 1960's, co-operative housing was re-thought and a new model developed. Since 1968, seven projects have received loan commitments in Ontario, as have an equal number elsewhere in Canada.<sup>1</sup>

The new concept of co-operative housing is based on the notion of common corporate ownership of multi-family dwelling projects by the residents. Project size has varied from 50 to 300 units, but the

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1. Additional information on co-operative housing in Canada is available in J. Jordan, Co-operative Housing: Program Review and Proposal, Task Force on Low Income Housing Working Paper No.7, (CMHC, 1971) p.p.334, and A.F. Laidlaw, Co-operative Housing Commentary, (CMHC, 1971 - 1973).



most common range seems to be 100 to 150 units. Some form of row housing is the preferred physical form. Co-operative housing is characterized by the following elements:

- Commitment to bringing about mixed income communities.

The largest percentage of these communities would be families with moderate incomes, defined as the eligible income spectrum for Section 15 housing. The average income is about \$7,500. Such families would not usually qualify either for home ownership or public housing. This range is extended at both ends.

- Commitment to the principle of non-profit operations and unit transfers. According to this principle the equity contribution (down payment) of a resident is returned to him without increase upon his departure. He does not receive any additional sum in recognition of his contribution toward the repayment of the mortgage principal or the increase in value of the project. The annual budget is operated on a non-profit basis. The purpose of par value is to stabilize the operating cost as a function of the initial historical cost, except for increases in taxes and utilities. Thus, incomes will increase faster than housing costs. By policy, reinforced in most instances by the operating agreement with CMHC, vacant units will be made available to lower income families.
- A method of providing an internal subsidy through surcharging members who do not require the benefit of the below market interest rate, and making these funds available to residents who



require assistance. This can range from \$10 to \$60 per month. Most co-operative housing projects have also agreed to seek rent supplements so they could make units available to families with lower incomes. The most significant aspect of this element is that the decision is in every instance made by prospective residents rather than by the organizers of the project. It thus denotes an attitude toward persons requiring housing assistance that is in marked contrast to the more general reluctance to accept such families.

- Co-operative housing is also distinguished by the fact that it has a structure both at the provincial and at the national level. At present five provinces, including Ontario, have organizations responsible for the provision of development and management assistance to housing co-operatives. In Ontario, it is the Ontario Habitat Foundation. The increase in co-operative housing is due largely to this structure. At the project level, co-operative projects are generally undertaken by a group composed of some intending residents and representatives from organizations such as churches, labour unions, and social planning councils.
- A format which provides for security of tenure, a significant measure of control over the immediate environment, and social programs of varying intensity.





It is possible to sketch a series of constructed types of housing co-operatives. The major variable is the composition of the group which initiates the project.

A co-operative project in London was undertaken by a sponsorship group composed of representatives from churches, organized labour, and various professionals. Their objective was to provide housing for low and moderate income families and also to increase within their own organizations awareness of the possibilities for direct action in housing. Land for the project was obtained from a local church congregation at a less than market cost. A sensitively planned, stacked row-housing project of 84 units on three acres was developed with funding under the 1970 \$200 Million Innovative Program of CMHC. The group experienced some difficulty in marketing the units on a voluntary basis but with the assistance of the provincial co-operative housing organization, the development was soon filled. It is being managed by its residents entirely on a voluntary basis with no paid staff up to the present time. In order to ensure accurate financial records, a bookkeeping service has been purchased. The various aspects of the project are managed through a committee system which affords substantial opportunity for participation while at the same time distributing the burden of project management.

An example of a project which was developed by intending residents is one in an Ottawa urban renewal area. The clientele for the project



consists largely of the former residents of the urban renewal area whose homes were to be expropriated for the purposes of implementing the plan. A co-operative to them afforded a means whereby they could stay in the area. Extensive social animation proceeded the development work itself. This organizing process was a necessary condition to involving persons, generally of modest incomes, in a process which was not widely known and which would lead to the possession of an actual housing unit only some years hence. The land was obtained from the urban renewal partnership on a leasehold basis. The value of the land was written down from its cost to the urban renewal partnership. The group went through an extensive period of examining and testing various development possibilities including a number of projects submitted as the result of a preliminary proposal call. Extensive assistance in the management of the development process was provided by CMHC, the Co-operative Housing Foundation, and the provincial co-operative housing organization.<sup>1</sup>

A third constructed type of co-operative activity in housing is represented by a project which grew from a neighbourhood association in a downtown Toronto area. The association was concerned by the increase in housing costs and evidence of a number of land assembly programs. After a study of the housing situation in their area,

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1. See Patrick Chen, The Economics of a Continuing Housing Co-operative, (University of Ottawa, 1971).



they formed a co-operative community development corporation to purchase, renovate, and operate on a co-operative basis, existing housing in the area. It is intended that the corporation itself will retain ongoing representation from members of the neighbourhood association so that structural ties between the co-operative and the area are maintained.

Building Co-operatives deserve renewed consideration. The building co-operative is one in which the members of the co-operative engage in the process of actual construction of their housing units. Upon completion of construction, or in some cases upon repayment of the first mortgage, the houses revert to individual ownership by their occupants. Because they result in individual ownership with the prospect of financial gain through housing some would question whether or not they are an appropriate form of Third Sector activity. But if one focusses on the development process then the building co-operative is a non-profit means combining self-help and mutual aid.

In the decade after World War II, somewhat more than 1,000 units were constructed in Ontario by means of the building co-operative. A satisfactory technical support system was never developed, and the program eventually withered. It gained significant support from the Province<sup>1</sup>, and Premier John Robarts included support for

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1. Cf. W.W. Scott, The Future of Co-operative Housing, (Ontario Department of Planning and Development, 1958).



co-operative housing in the 12 point housing program which he unveiled on February 23, 1962: "We intend to do what we can to encourage housing co-operatives producing single family housing units for ultimate individual ownership."

As is well known, the Nova Scotia Housing Commission has an extensive program of supplying technical assistance to groups wishing to build housing through the co-operative method. The volume of housing starts under this program has been 600 - 800 per year, only slightly behind public housing starts, since the expansion of the co-operative program in 1968.

This program has had substantial success because a private non-profit organization which had the confidence of the people undertook the organizing and education, the province provided financial and technical support, the population has sufficient time and skills to engage in this activity, the house building industry is poorly organized in smaller areas, and it leads to home ownership which is the preferred form of housing tenure.

At the present time the program is operated exclusively by the province and this has caused certain difficulties in the program. The introduction of strict gross debt service ratios and the loss of the non-profit group's assistance with organizing has raised the participating income spectrum from the second lowest to the second highest quintile. The lack of a sound education program has





reduced the amount of mutual aid, owner labour contribution, and the social content of the program. Given the imperative for impartial, bureaucratic practices in a government agency, these could not likely be eliminated. It is one instance where joint public-Third Sector approaches would be appropriate.

There has been a resurgence of interest in the building co-operative in Ontario. One project was developed last year near London,<sup>1</sup> and there have been many inquiries for similar projects in smaller centres throughout the province. The plan would seem to be an appropriate one in areas where builders are not active, and where the lower incomes require some form of housing assistance. Multiple housing forms and some organizational form of tenure are not likely to be in conformity with the values of residents in these areas. The development of a building co-operative program by the province deserves examination. It is vitally necessary that any such program have an adequate technical support system in order to avoid the problems which have surfaced in every building co-operative program which did not have an adequate support system. Federal assistance in underwriting the cost of the administration of such a program is available if the program is organized under Section 40 of the NHA.

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1. Cf. S. Goldenberg, "Working Together Builds Nine Homes", The (Toronto)Globe and Mail, October 20, 1972.



Organization. Because of the relative newness of Third Sector activity in family housing in both non-profit and co-operative forms, the organizational pattern is the least firm. Yet even in this nascent stage, there are two aspects of the emerging organizational pattern which deserve comment and which may prove salient in the development of a larger scale program. The first of these is the participation of intending users in the development and even more, in the management of projects. The second aspect is the growth of a network which provides the means for the promotion of this possibility, the motivation of sponsorship and potential residents, and the provision of technical assistance. The major channels for promotion and motivation are churches, organized labour, social planning councils, co-operatives, and credit unions and neighbourhood organizations. Since these organizations have as their membership or clientele, families of low and moderate incomes, this forms an appropriate system for encouraging the development of Third Sector housing.

Various organizations are being developing to share information and assistance. In Toronto, a Metro Task Force composed of representatives of Third Sector housing groups has been meeting for over a year. Ontario Habitat Foundation has been providing development and management assistance to both non-profit and co-operative groups for the past two years.



#### 4. THIRD SECTOR PROGRAM CHARACTERISTICS

Third Sector activities have been presented according to the clientele being served. Even though the organizational forms vary according to the clientele, this should not obscure the basic program similarities which permeate Third Sector activities. It is important to focus on these similarities in order to understand the dynamics of this type of activity in sectoral terms. Various clienteles will of course have particular requirements, but from the standpoint of motivating and developing an appropriate policy for the sector, common characteristics should receive careful attention.

Cost Effectiveness. There is a widespread impression that non-profit projects should be cheaper to develop and to operate than similar projects under public or private profit auspices. The present state of our information does not allow this impression to be supported or refuted in conclusive terms. There are not yet sufficient Third Sector projects in operation to make possible rigorous comparison with programs and projects under private and public sector auspices. The CCSD study of NHA housing for the elderly does not deal directly with cost effectiveness, although some of its comparisons of public and non-profit projects will be germane. Cost comparison in this area is extremely difficult because an accurate estimation of the comparative benefits requires estimation of largely intangible factors, such as the value of the user participation in the development or management process.

If we examine the capital costs of non-profit projects, it would seem at the outset that there is little reason to expect capital costs to be lower than a similar project under private profit or public



auspices. The major element of project cost is the building cost, and since Third Sector organizations invariably use a general contractor, it is unlikely that there is significant cost savings here. We can however examine a range of other areas where projects have been able to effect economies and estimate their impact on the total cost of the project. We also must question the extent to which these economies would still be possible if the scale of Third Sector development increased significantly.

SOURCE AND SCALE OF COST REDUCTION FEATURES

Element	Percent Cost Reduction	Continued Availability If Sector Increased by	
		3 x's	10 x's
1. Land at below market cost	3-10%	Same	Reduced
2. Contribution of professional fees by solicitors, architects, etc.	1-6%	Same	Reduced
3. Direct fund raising	5-15%	Reduced	Sharply reduced
4. Contribution of furnishings or equipment	1-5%	Same	Reduced
5. Contribution of voluntary effort in organizing project	0-5%	Same	Increased
6. Below market cost interim financing	2-3%	Same	Same

NOTES:

1. Considers only land from organizations within the Third Sector ambient. At least one major church has carried out a study of the use of its land inventory for this purpose.

2. Continued availability is greatly affected by the rate of increase and the way in which the sector is organized.





Since these various factors vary considerably across projects and since particular ones may or may not be present in any given instance, it is not possible to estimate their average impact. In senior citizens housing it was estimated previously at seven to ten percent of cost. This same range might be appropriate for single persons projects. It is very likely reduced in co-operative and participative projects for families where there is not the same type of sponsor involvement.

One can only speculate on the effect that the elimination of a developers profit has on the overall cost structure. In the absence of reliable evidence to the contrary, it is wise to estimate this conservatively. It may well be that the scale and efficiency of the developer offsets the cost of his overhead and profit. There are some intriguing examples which do, however, suggest that Third Sector organizations produce a better product for the same cost.

Case study comparisons of projects can be dangerous because it is difficult to ensure comparability. There is one instance that does afford comparison of two very similar projects, although it is not in Ontario. In Vancouver, a large developer received a loan commitment in 1970 for a row house condominium project. A year later a co-operative received a commitment for a row housing project across the street from the condominium. Both projects received funding from CMHC's Innovative Housing Program. The down payments required for the two projects are very similar and the monthly charges for a three-bedroom unit are within \$2.00 of one another. Yet the co-operative provides an average of 190 additional square feet per unit, and the



standard of finishings and materials is far higher than the minimum level specified as a cost reducing feature in the condominium project according to CMHC data sheets.<sup>1</sup>

The Vancouver example illustrates one other common feature of Third Sector projects. This is a strong tendency to place priority on high physical quality of the housing rather than cost reduction to a minimum level. In many instances cost reduction is exchanged for better design and materials.

In conclusion, it appears that there is the potential for non-profit projects to achieve moderately significant reductions in capital cost and these could be retained with a significant increase in the dimensions of Third Sector activity.

When we turn to the ongoing operation of the project, even less information is available. There is reason to believe that non-profit projects may incur lower administrative expense and lower maintenance charges through the participation of the residents in the management of the project and their increased concern for the project when they have a proprietary interest in it.

There are figures available from the United States where the volume of non-profit and co-operative activity has made possible the comparison of various types of below market programs. According to figures compiled by the Urban Institute of Management and Research and released by the U.S. Department of Housing and Urban Development

1. Cf. J. Jordan, Co-operative Housing: Program Review and Proposal, pp. 180-184, and CMHC, "Special \$200 Million Low Cost Housing Program : Consolidated Listing", pp. 228-229.



on December 31, 1971, co-operatives outperformed non-profit rentals, who in turn outperformed limited dividend projects on the following items: lower maintenance and operating expense, lower administrative expense, lower turnover rates, and lower mortgage default rates. The differential is much sharper between co-operatives and non-profit rentals than between the latter and limited dividend projects. Some of the indicators of co-operative performance are especially noteworthy. Co-operative turnover rates were about one-half non-profit or limited dividend rental. The average co-operative default rate was less than that for all single family housing programs. These differences are commonly attributed to the proprietary interest and security of tenure under the co-operative form.

The major economic argument for increasing the Third Sector in comparison to limited dividend or assisted home ownership programs is that this Sector provides housing which will be continually available to lower income families. The other private forms of housing eventually disappear from the stock available to low and moderate income families. At the present time there is a fifteen year lock-in policy in the CMHC limited dividend program, while the restrictions are much less in the assisted home ownership program or the OHC HOME leased land program. We can accordingly expect these units to disappear from the low income housing stock at the time of their first resale, say within five to seven years. Since the elimination of the low income housing problem clearly requires a long term strategy, it is important to put public resources into forms of housing which will remain continually available to low and moderate income residents.



Design. Third Sector projects are apt to be characterized by the commissioning of an architect noted for excellence in design. The architect's involvement is commonly for complete architectural services in contrast to the sharply reduced design services commonly employed in private profit and public sector projects.

The employment of superior design consultants manifests itself not simply in the physical appearance of the project. The close working relationship between the architect and the sponsors and users has produced in many instances, changes in the interior layout of the units to bring them into conformity with the lifestyle of the residents. One example of this in family housing occurred in three family projects currently underway. All have eliminated a distinct dining area in exchange for a larger kitchen area which provides space for family dining and other activity. It may be significant that the same change was arrived at in three different projects providing for three different forms of tenure and developed by three different types of Third Sector organizations. The Charney Report and the CCSD study of the \$200 Million Program both commented on the greater user satisfaction to be derived through the participation of users in the design process.<sup>2</sup> To date this has not been possible under public or private profit mass housing programs and it is in fact difficult to conceive of how it could be readily incorporated in these programs. Both the quality of design, and the design process

2. M. Charney et al., The Adequacy and Production of Low Income Housing (CMHC 1971), CCSD Housing Committee, Where The \$200 Million Went (CCSD 1971).





should then be noted as distinctive elements of the Third Sector program.

Social Aspects. The particular nature of the social content of Third Sector projects deserves at least equal consideration to the economic aspects. The entire thrust of the Third Sector is toward a notion of housing as more than shelter. The community or neighbourhood aspects of housing are stressed as are the importance of the social setting of the housing for the improvement of the general situation of lower income families or single people. There are three particular points which require emphasis.

1. Participation in the planning, development and management of housing may be an important point of social intervention against the dependency and alienation of low income persons which is constantly reinforced through the housing insecurity which is the lot of many. The early proponents of public housing placed their emphasis upon an expectation of change due to a change in the physical surroundings. The point here is quite different. It is not unreasonable to expect an increase in security, confidence, and dignity due to a change in housing tenure and organization. There is increasing emphasis upon housing as a social development process<sup>3</sup> and the Third Sector is a particularly appropriate place for this because of the scope it offers to the user.

2. There is general concurrence that Third Sector projects are more attentive to the various housing related needs of residents. This

3. Cf. H. H. Harms in J. Turner and R. Fichter, Eds., Freedom to Build (Macmillan 1972).



point was brought out in the material on senior citizens housing but it is also true of single persons housing and housing for families.

3. At the present time in Canada, housing subsidies are supplied to the producer rather than to the consumer. The current amendments to the National Housing Act and the reaction of the Federal Government to the recommendation of the Dennis Report for a housing allowance indicates that we can expect housing subsidies to remain on the supply rather than the demand side for most of the balance of this decade. This puts the person in need of housing assistance into a relatively passive position where he is dependent upon the type and form of housing provided by private profit and public producers. One of the significant elements of a participative Third Sector housing program is that it enables the individual to take the initiative and to exercise a substantially increased choice in his housing. Through the Third Sector, the low or moderate income family or individual can become part of the production process and thus influence the nature of the production decisions which are made. This means that the non-profit sector is the one area in which a supply-side subsidy can be converted in effect, into a demand-side subsidy. This would seem entirely appropriate because it occurs in a context that encourages initiative and increases housing choice.

Program Packaging. As we gain further understanding of the complexity of the housing problem, and the inter-relationship between housing and other aspects of social policy, the nature of our housing program becomes more complex. This is apparent for the first time



in the National Housing Act which will now enable various types of housing programs to be combined within a particular project. One example could be start up grants, rehabilitation loans and grants, and a rent supplement program. But to meet the range of housing needs, it is necessary to incorporate programs from other government departments, other levels of government, and various private organizations.

Increasingly, a prime requirement of any effective housing program will be the ability to select from various government departments and private organizations, program elements which can be packaged within a particular project. Third Sector organizations have shown themselves to be much more effective in this respect than have public or private profit organizations. Third Sector organizations have made widespread use of grants to enable planning, feasibility studies, and to provide construction labour for rehabilitation projects. On the following page are set forth a series of packages which have been created by non-profit organizations.



PROJECT PACKAGES: CONSTRUCTED TYPES

<u>Project Type</u>	<u>Organization</u>	<u>Contribution</u>	<u>Purpose</u>
Family Housing: Rehabilitation	CMHC	Section 15 loan	Below market interest rate, long term
	Private Foundation	Grant	Management staff
	Church	Interim financing	Below market interest rate
	LIP	Grant	Rehab. Manpower
	Professionals	Donation of Services	Arch., Legal
Senior Citizens	CMHC	Section 15 loan	Below market interest rate, long term
	Province	\$500 capital grant per unit	Cost reduction
	Several Agencies	Staff time	Social services
	OFY	Grant	Feasibility studies
Family Housing: New Construction	CMHC	Section 58 loan	Below market interest rate, long term
	Province, Citizenship	Grant	Social animation
	CMHC	Starter grant	Preliminary plan
	OHC	Rent supplement	Low income families





Organization. We have previously reviewed the various organizational forms which are commonly employed in the development of Third Sector projects. The following chart sets out a synoptic view of these projects.

CLIENTELE IN RELATION TO FORMS OF ORGANIZATION

	<u>Voluntary</u>	<u>Institutional</u>	<u>Participatory</u>
Senior Citizens		<u>1</u>	
Single persons		<u>1</u>	<u>2</u>
Low and moderate Income families			<u>1</u>
Agency housing for Children			
Youth & Transients		<u>1</u>	<u>2</u>
Physically handicapped & mentally retarded		<u>1</u>	
Students		<u>2</u>	<u>1</u>
Native peoples on reserves & in urban areas		<u>1</u>	<u>1</u>

NOTE: The numbers in the chart indicate the relative importance of the various organizational approaches.

These organizational forms are not pure forms and usually each will be represented in various proportions in the same project. What requires further attention is not only the organizational form in the particular project, but rather the organization of the Third Sector itself. There are four alternative forms of organization.

1. The first would be to continue the form of organization which currently is in effect in the voluntary sector. This is an ~~auto-~~autonomous approach in which each project is entirely autonomous and has



little or no relationship to other projects. There is no form of central institutions for the sector as a whole. This form of organization makes it extremely difficult to motivate non-profit development. It provides no forum for mutual assistance and information sharing. It is fallacious to think that this form would be the most appropriate for a participative approach, since the encouragement of participation, particularly among low and moderate income groups, requires some form of assistance particularly in an area which involves the technical elements of housing.

2. The other extreme is a non-profit productive organization which would be capable of producing a high volume of housing but without significant participation by users or possible sponsors. HSB in Sweden would be one example of such a productive organization.

Another would be the United Housing Foundation in New York which has produced approximately fifty thousand units. It is not clear that a central body of this type is necessary to encourage significant levels of production. It seems in fact, more likely that a more open form of organization which would encourage the initiation of projects at a variety of locations and from different types of organizations could lead to greater production provided that certain forms of motivation and assistance were available. Putting the emphasis simply upon the production of housing units is inadequate given the value of participation and process.

3. This alternative would have government housing organizations at different levels supply a range of assistance to Third Sector organizations. There is no doubt that government housing organizations have an important role to play in this respect. Since however, Third



Sector organizations will be clients of government programs, it is inappropriate for them to have to look to government as the primary source of technical assistance. There are however two areas where government housing organizations could play an important role. The first of these is in providing an informational and promotional program for Third Sector housing. The purpose of this program would be to increase public awareness of this possibility. In this sense, this role is similar to that played by the Ontario Housing Corporation in the promotion of condominium housing. An effort of a similar type and magnitude will be required if Third Sector housing is to increase significantly. The second role that would be particularly appropriate at the provincial level would be to supply property management assistance to Third Sector organizations. The de-centralization program of OHC could be approached in such a way as to facilitate this role. Other forms of provincial assistance will be examined in the following chapter.

4. The final alternative is providing some form of organization which, in its own right would be part of the Third Sector and which would supply to it, organizational and technical assistance in the planning, development and management of various types of projects. The existence of an organization of this type would enable an accumulation of experience within the non-profit sector and yet would facilitate a participative program, since it would supply the technical resources which a lay group requires in order to successfully undertake a housing project. Such an institution could be designed to provide varying forms of assistance and to fit its program to the particular



role being undertaken by government organizations in this sphere. This last alternative is the one which would enable the economic and social benefits of the Third Sector approach to be most effectively implemented.

Volume. As we have previously indicated, it is difficult to obtain accurate figures on the volume of Third Sector activity. In 1971 and 1972 it would seem to run at an annual level of \$6-9 million. This figure includes housing financed under both Section 15 and Section 58 of the NHA. The following chart indicates the difference between these two sections.

NHA Section	15 (16)	58 (40)
1. Term	50 years	5 years (roll over)
2. Amortization	50 years	40 years
3. Interest rate	Varies: same for both programs	
4. Fees	Not necessarily	\$35.00/unit
5. Insurance fee.	None	1% of loan
6. Formal program	Yes	No
7. Annual incomes of client population	C 5000-8500	C 5000 +

In general, co-operative projects have been financed under Section 58 and others under Section 15.

The 1972 CMHC Annual Report noted that "Activity under Section 15 to non-profit organizations decreased substantially in 1972." The figures indicate a national drop of approximately 30% in dollar value for the year. This does not seem to have been true in Ontario however. In Ontario, the level of Third Sector activity seems constant





over these two years. According to interviews with CMHC personnel and with Third Sector housing proponents, a major reason for the drop off in other areas and the delay in a number of planned projects in Ontario is that proponents are waiting for the amendments to the National Housing Act to become effective. Many think that they might offer such significant advantages as to be worth the delay. It might well be but most Third Sector organizations did not expect the delay would be as long as it has been.



## 5. POLICY & PROGRAM ELEMENTS

1. Adjustments. There has been little mention of the Provincial Government and its housing activity in this report. This is because there has been little relationship between the Third Sector and provincial government housing activity to the present time. The one exception would be the per unit grant made to non-profit sponsors of senior citizens housing. Beyond this program however, the Provincial Government is virtually invisible to non-profit organizations. This situation has changed slightly within the past year as Ontario Housing Corporation has become somewhat more responsive to initiatives by local organizations. Within the Third Sector, there is however still much greater awareness of the Federal than of the Provincial Government in housing.

If there were to be no significant changes in the shape of Provincial housing policy, there would still be a number of incremental changes which the Provincial Government could make to assist the Third Sector to perform more effectively to meet the housing needs of low and moderate income persons. We stress the incremental--we might almost say remedial--nature of these following recommendations.

1. In housing for senior citizens, the per bed or per unit capital grant should be increased and expressed as a percentage of unit cost rather than as a fixed dollar amount so that it will increase automatically in conjunction with increases in the capital cost of projects. The minimum level for this grant should be 10%.



2. Senior citizen projects under Third Sector auspices should have access to a rent supplement program.
3. The Province should give serious consideration to producing senior citizens projects which would then be operated by local non-profit organizations. This approach has been used in Quebec very successfully for some time now.
4. Rent supplements should be extended to Third Sector family housing with the following two modifications: a) it should be the general policy to give priority to neighbourhood residents for access to rent supplements in projects developed by neighbourhood or community based organizations; b) the Housing Development Act should be amended so that rent supplements could be provided to full members of non-profit housing co-operatives. The Act at present restricts such assistance to tenants.
5. The Province should give serious consideration to developing a building co-operative program for smaller centres in the Province. This should be done in conjunction with a non-profit organization which could supply the assistance for organizing, education, and social development.

The limited nature of these recommendations reflects the limited utility of present Provincial Government housing policies to the Third Sector. This becomes more evident when one realizes that some of the recommendations above, particularly those pertaining to rent supplements for families and a building co-operative program, involve more than minor incremental changes to present policy.



This brings us then to a consideration of the question of whether Provincial Government policy should be restricted to marginal changes concerning Third Sector housing. In order to respond to this question, we must consider changes in the wider environment of housing activity.

2. The Contextual Environment of Third Sector Housing. Although there are a great number of items which could be considered under this heading, we will restrict our attention to only two: housing attitudes and tenure preferences, and the demand for participation.

Even though housing attitudes are extremely conservative, there is good reason to examine the possibility of change in these attitudes as a function of the larger cultural and value shifts inherent in the move to the 'post-industrial society.' This must be set against the actual and potential form of housing tenure.

The preference for single family home ownership seems a universal phenomenon in the Western world. The contrast between this desire and what most low and moderate Canadian families achieve may represent a source of considerable ambivalence about urban life, or more profoundly, a contradiction between the seeming imperative of urbanization and the deepest aspirations of the population.

This widespread demand for home ownership is too often taken as a given, as an absolute. Home ownership is not a univocal concept. Rather it is, even in law, a package of rights and responsibilities. In the formulation of housing policy, it is necessary to ask precisely what elements of home ownership are most salient. There have been no studies of the constituent elements of home ownership. We have a





number of studies of the physical attributes of single family housing, but no studies of the form of tenure itself. At least the following elements can be distinguished.

Social Elements:

1. Greater voting rights than non-property owners.
2. Security of tenure.
3. The right to alter interior or exterior environments.
4. Self determination of maintenance levels.

Economic Elements:

1. A program of forced saving.
2. A hedge against inflation, or perhaps an annuity.
3. The possibility of capturing a non-taxable capital gain.
4. Easier access to a variety of credit facilities.

Each of these would need careful analysis and empirical testing to determine precisely why Canadians place a high preference on home ownership. The general assumption that economic considerations are foremost may be in error, at least for an increasing number of families.

But home ownership is not a static concept. The desirability of it at a given point in time will be a function of the larger cultural framework and the economic factors associated with it. The following items suggest that at this point in time the social elements of home ownership may demand increased emphasis, and that there is a demand for new forms of tenure.

1. Property ownership is increasingly hedged about with a thicket of codes, by-laws, and other restrictions on use. Much of the absoluteness which was once associated with home ownership is no longer true in fact. This is most apparent in condominium tenure,



which in important respects is more restrictive than co-operative tenure.

2. There is the increasing tendency for home ownership and other forms of housing tenure to involve organizational or corporate participation. This is true in condominiums, co-operatives, rate-payer and neighbourhood organizations, and tenant associations.

Housing in general is becoming less individualistic.

3. There is a general societal shift in values away from individualistic and property oriented values. These are being replaced for many, by values which stress inter-dependence, mobility, a concern with the present, and a desire for a closer relationship with neighbours. Proponents of co-operative housing in particular report that a substantial proportion of the families who indicate interest in co-operative housing do so because they connect it with a more intensive community setting than exists in rental or home ownership housing.

4. There may be less interest in housing as an investment. This position may be adopted with good reason. A recent study showed that in Toronto the annual compound growth rate for single family homes from 1953 to 1971 was 5% as against a 7.25% rate for the Dow Jones industrial average and the Toronto Stock Exchange industrial index.<sup>1</sup> Given the high cost of entry and the risk associated with home ownership a considerable number of families, particularly those

1. Belford, Terrence. "Investment properties may return from 10 to 35% a year". Globe and Mail, May 12, 1972, p. B 12.



of low and moderate income, might be willing to exchange the possibility of capital gain for security of tenure, lower monthly housing cost, and a reduction in the risk of major capital repairs.

5. The proportion of households who are renters is increasing at a significant rate.<sup>1</sup> Home ownership is becoming increasingly restrictive and home ownership costs have been rising at a much greater rate than rental costs.<sup>2</sup>

This suggests that our two forms of housing tenure, ownership and rental, form too sharp a dichotomy. The direction in which values appear to be changing is creating the space for a mediating form of tenure, one which will provide security of tenure, increased social content, and stabilized housing cost.

For the past decade there has been an increasing demand for participation in the political system, the work place, and in most other institutions. Up until the present time, the field in which the demand for participation has been made most strenuously has been the political process. This has been true at all levels of government, but particularly at the municipal level in larger cities.

The demand for participation is not likely to decrease. In fact, the increasing scale of corporate and governmental structures is likely to increase the demand for participation at all levels but it is already apparent that the character of the demand for participation is changing. As Axworthy<sup>3</sup> has stated the earlier demand for

1. Dennis, Michael and Fish, Susan H. Programs in Search of a Policy: Low-Income Housing in Canada. (Toronto: Hakkert, 1972.) Chart 12.

2. M. Audain, Ed., Is There a Case For Rental Control: (CCSD 1973).

3. Axworthy, Lloyd, ed., The Citizen and Neighbourhood Renewal. Winnipeg: Institute of Urban Studies, 1972.



participation stressed decision making. A change is underway to emphasize participation in activity rather than simply in decision making. Participation in the actual operation of a non-profit housing project would be one example of this.

Participation is also receiving increased emphasis from those concerned with the effective management of both government and private corporations. The recent report of the Ontario Committee on Government Productivity<sup>1</sup> provided a cogent rationale for increased participation both by members of the civil service and by members of the general public in the workings of government.

One of the major arenas in which the demand for participation has been heard up to the present time has been in land use planning. A requirement for significant participation in the Neighbourhood Improvement Program is now included in the National Housing Act. A recent study of the planning process in Trefann Court argues convincingly that the participatory process in this instance, produced a far superior plan to that which had been prepared by professional planners working in isolation from the community.<sup>2</sup> John Turner and his associates have presented information from several countries which shows that participatory programs in housing are more likely to meet the particular requirements of families and individuals.<sup>3</sup>

These tendencies all reinforce the expectation that participation will be a continuing demand and one that can be well expressed in

1. Committee on Government Productivity. Citizen Involvement. Toronto: Queen's Park, 1972.

2. G. Fraser, Fighting Back (Toronto 1972).

3. J. Turner and R. Fichter, editors., Freedom to Build (Macmillan 1972).





housing. Although participation could certainly be increased in both public and private housing, the Third Sector offers the most scope for participation because it creates a situation which allows participants to control the nature of the development process or the management of the completed project. The rationale for the managerial effectiveness of participation is that if persons are involved in planning, setting standards, or making joint decisions, then they will have a stronger incentive to perform in accordance with these agreements. Participation has been studied extensively in the work place. Most of these studies have been commissioned by management. The unanimity of the research results is worth quoting because the basic dynamics between participation in the work place and participation in the development or management of housing are quite similar.

"There is hardly a study in the entire literature which fails to demonstrate that satisfaction in work is enhanced or that other generally acknowledged beneficial consequences accrue from a genuine increase in workers' decision-making power. Such consistency of findings, I submit, is rare in social research."<sup>1</sup>

3. The National Housing Act Amendments. Bill C-133 an Act to amend the National Housing Act, was given first reading on January 30, 1973.

1. Blumberg, P., Industrial Democracy: The Sociology of Participation. London: Constable, 1968.



The Bill substantially increases the forms of housing assistance which are available to non-profit and co-operative organizations.

In brief, these are the following:

1. It provides for 100% loans, thus removing the equity requirement which has been a major handicap to many non-profit organizations.
2. It provides for a capital grant of up to 10% of the cost to reduce the cost of the housing to the occupants.
3. It provides start up funds to enable non-profit organizations to engage in preliminary planning and feasibility studies for a project.
4. It provides that non-profit organizations will be the only organizations allowed to obtain the special benefits of the rehabilitation provisions outside of neighbourhood improvement areas.
5. It enables housing co-operatives to have access to the Assisted Home Ownership program as well as the non-profit program. (See Appendix II for a more complete description of assistance to co-operatives which will be available under the amended National Housing Act.)

The Honourable R. Basford, Minister of State for Urban Affairs, has stated that he would welcome increasing the rent supplement program in non-profit and co-operative housing projects. When this measure is added to those listed above then it becomes clear that Third Sector organizations can perform an effective role in meeting the housing needs of low and moderate income families.

Federal assistance is still limited to very particular aspects of project development. This is in part a function of the constitutional responsibility for housing resting primarily with the Province.



The amended Act will provide significant financial incentives and assistance to non-profit organizations, but there are other important areas which will have to be covered if Third Sector housing is to become significant. The Federal Government is at present uncertain how to motivate Third Sector take-up of the legislative provisions. In his speech introducing second reading of the Bill on March 15, 1973, Mr. Basford said that the Federal Government intended to sponsor a conference for non-profit organizations "in order to intensify the efforts that these groups are making in providing housing".

4. The Need for a Provincial Policy. . At the present time there cannot be said to be any provincial policy concerning non-profit or co-operative housing. The basic issue facing the province is precisely whether or not there should be such a policy. The decision as to whether or not a policy is to be developed is far more important than the particular provisions that may be contained in the programs that are elaborated in consequence of the policy decision. The question is largely one of relative emphasis. At the present time the Province has a public housing program and a leased lot and condominium program for middle income families. A policy to give substantial emphasis to Third Sector housing would introduce new programs.

Since the question is one of emphasis, there are four basic policy options.

1. No Policy: This is essentially the policy at present.
2. Passive Policy: This would provide legislative authority for



certain forms of minimal assistance. The province would respond to certain Third Sector initiatives but would do nothing to stimulate them.

3. Active Policy: This policy would provide statutory provisions and seek to stimulate and support Third Sector activity.

4. Aggressive Policy: This policy would place a major emphasis upon Third Sector housing as the fundamental provincial policy in housing.

An Active Policy is the appropriate policy option for the following reasons:

1. The difference between No Policy and a Passive Policy is not substantial. If non-profits can make any contribution to the housing need of low and moderate-income families, then it should be done at a scale that would have some impact. Yet an Aggressive Policy, which would place primary emphasis upon this option, would not seem appropriate. What is needed is an Active Policy which would support non-profit housing within overall comprehensive provincial housing policy making use of the public and private sectors.
2. Provincial support of a Third Sector would enhance the provincial role in housing generally. As will become clear under the suggested program elements, the province could play a central, but yet supportive role in the development of a non-profit housing sector.
3. The Third Sector, in significant measures, serves an income group which is not being served by current provincial programs. There is a fit between this group and the range of Third Sector institutions which have been elaborated to date. This income group is that which





falls between those eligible for public housing and those eligible for home ownership. The Third Sector then is an appropriate way to meet the housing needs of this group.

4. The Third Sector offers the means of enabling, in effect, demand side subsidies and thus allows low and moderate-income families to take initiative in the meeting of their own housing needs. At present, under the existing subsidized programs, such families are entirely in a passive position.

5. Support of a Third Sector would increase the amount of housing which operates on a cost basis and is continually available to lower-income families. This is a necessary part of any long-term strategy to meet the housing requirements of low- and moderate-income people.

Once a decision is made to give a given level of policy emphasis to the Third Sector, the second step is to bring related provincial policies into a complimentary position with this basic housing policy. This would include such policies as participation, the strengthening of regional government, anti-poverty, and economic development. Complimentarity among related policy fields will provide the ground-work for the design of program packages which reach across government departments.

5. Recommended Program Elements. The following are recommended elements of a program designed in consequence of an Active Policy for Third Sector housing. Although these have been elaborated specifically with an Active Policy in mind, they can be adjusted in obvious fashion to meet the requirements of the other policy options.



These program elements are divided into two groups: project support and sector support.

#### Project Support

Project support should be designed comprehensively so that all major factors required for project development are accounted for. The following chart sets out the various project factors and the appropriate source of support for them.



PROJECT SUPPORT

Promotion/Information	Province
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Project Planning	Federal
------------------	---------

Production Factors

Land	Province (Federal)
------	--------------------

Construction	Private Profit
--------------	----------------

Interim Financing	Third Sector
-------------------	--------------

Professional Services	Private/Third Sector
-----------------------	----------------------

Project Management	Third Sector
--------------------	--------------

Mortgage Loans	Federal
----------------	---------

Special Assistance

Capital Grants	Federal and Province
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Social Development Staff	Third Sector (Province)
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Rent Supplement	Province (Federal, City)
-----------------	--------------------------

Program Packages	Province (Federal)
------------------	--------------------

Rehabilitation Assistance	Federal and Province
---------------------------	----------------------

NOTE - Bracketed parties are participants in shared cost programs.

This table serves to identify the parties with a direct and primary function in the development of particular projects and to allocate to them specific project elements. These functions are,



of course, not exclusive. For example, as indicated in Section 4, the Third Sector will continue to supply land for some projects. Interim financing on the other hand may often be arranged from conventional lending institutions and not from the Third Sector.

An active policy would require that the province institute the following types of programs:

1. Land. Land is the most frequently mentioned problem of Third Sector housing proponents. The difficulty in major urban areas is not only price but access, since so much of the serviced land is already controlled by the development industry. Organizations are sometimes able to obtain land from church or other sympathetic organizations but this possibility is likely to reduce in importance as the scale of production increases. Continued use of church land should continue for some time; at least one church has carried out a study of how its land could be used for social purposes.

To date, non-profit organizations have not been able to obtain land in provincial land assemblies because it is sold by way of competitive proposal calls. Most groups are willing to lease land, and especially on this basis, access to land should be provided.

A different situation occurs in established areas where provincial land assemblies are unlikely. In these situations it would often be good policy to assist in a land write-down on the understanding that ownership of the land would revert to the public authority at some time in the future. Land could be





purchased by the province and leased at a below cost rate in the initial years with a provision for recapture in the later years of the lease. One example of this is already taking place in an urban renewal area where a co-operative group has leased land for \$25.00 per unit per year during the lifetime of the mortgage with the provision that during the last ten years of the lease when the mortgage will have been fully amortized and discharged, that the amount previously paid for mortgage payments will be paid to the urban renewal partnership as ground rent.

2. Capital Grants. The NHA amendments of June 1972 provided for matching federal and provincial grants. The requirement for a matching provincial contribution was removed in Bill C-133. In general, we would suggest that the province not duplicate federal assistance but instead provide assistance in areas in which the province enjoys distinctive competence and jurisdiction. This will give substance and visibility to the provincial role and will as well provide assistance to the Third Sector in areas where it is not available from other levels of government.

There will occur, however, occasions when a capital grant should be provided by the province. We would recommend that the 10% capital grant be available in particular for housing for the elderly and for mixed income projects which would operate with an internal surcharge and subsidy system similar to that currently in effect in non-profit co-operative projects. The capital grant



should also be used in areas where land and construction costs are significantly above the provincial average.

There is a more important issue as to the form in which the capital grant is provided. Generally these grants have been used simply to lower the mortgage loan payable on the project. This has the effect of distributing the benefit of the grant equally over the life of the mortgage. Third Sector projects, however, have need of this assistance more in the earlier years of the project than in the later years by which time the non-profit operating principle will have reduced the cost of this accommodation below comparable market accommodation. It is therefore suggested that serious consideration be given to a "high impact" grant. Such a grant would be phased in during the initial ten to fifteen years of the project. If on a ten year basis the amount of assistance provided in any given year would be 10% less than that provided in the previous year. The total amount of the grant would be no more than would be provided on the initial capital cost write-down basis. This approach more than doubles the cost benefit of the grant in the initial years.

3. Social Development Staff. An important and currently unmet need is for staff to perform counselling, referral and social development roles in projects. This is particularly the case in projects for senior citizens and single people as well as large



projects for families. These roles are closely related to the administration of the project and it is therefore recommended that provincial funding assistance be provided directly to the Third Sector organization through the provincial housing arm. It is necessary to go beyond current policy which provides funds for staff assistance only in heavily institutionalized projects. This staff service can increase the efficiency of the housing stock by assisting persons who no longer need the benefits of the project but seek alternative accommodation.

4. Rent Supplements. Rent supplements at the present time are a necessary part of any program for the Third Sector which intends to assist persons with low incomes. The nature of the changes required has been mentioned at several points in this report and were repeated under Section 5.1. In essence, we recommend that rent supplements be available for up to 25% of the units in a project and that acceptance of a rent supplement package be a normal condition of receiving other forms of provincial housing assistance. We have also recommended that it be standard policy to give priority for the receipt of rent supplements to persons from the neighbourhood in the case of neighbourhood-based projects. For co-operative projects, an amendment to the Housing Development Act, Section 9(2)(a) is necessary to enable subsidies to be made to persons who are members of the co-operative and thus not simply tenants.



5. Program Packages. Third Sector organizations have shown themselves to be extremely resourceful in putting together at a project level packages of various forms of assistance drawn from different government departments and private agencies. This packaging at the present time is extremely time-consuming because these relationships are not usually standardized and therefore must be invented with each individual project. At the present time it is also not possible to obtain the participation of a number of federal and provincial government agencies because there is no policy in this area.

If housing is to be used as a means of dealing with complex social problems then better integrated and routinized packages will be needed at the project level. A major function of the provincial government should be the design and negotiation of packages at the program level so that they could be more easily implemented in the instance of an individual project. This function would obviously be of importance not only to the Third Sector.

6. Rehabilitation. The pattern of rehabilitation by Third Sector organizations has hardly been established and recommendations in this area are therefore difficult to make. There are two forms of assistance which are required and which would be appropriate for the provincial government. The first of these is financial assistance in underwriting the administrative costs of





rehabilitation projects. The administration function during the "development" period is expensive because of the amount of time required. The second area in which assistance is recommended is in reducing the land cost which must be borne by the project. This matter has been dealt with earlier in No.1.

The availability of a range of assistance for all the key elements involved in the development of a project covers one basic aspect of the production system for Third Sector housing. This, however, does not amount to a fully elaborated, active policy. If the assistance provided is only at the level of the individual project the de facto policy will amount to a passive policy since the program dynamics will result in the province acting primarily in a responsive capacity to the initiatives of Third Sector organizations. It is for this reason that an active policy demands another range of assistance, namely support for the Third Sector as such.

#### Sectoral Support

Sectoral support consists of an assistance to the non-profit sector which is not focused particularly at any individual project but rather on creating the policy, organizational, and public opinion context within which individual projects can be undertaken. In the present situation the following are the key areas of sectoral support which can be allocated to the province:



1. Information and Promotion. A favourable climate of opinion for Third Sector housing is needed at both the producer and consumer level. The Ontario Government has been involved in similar efforts with other forms of housing within the past decade. On the consumer and producer side, we have seen a significant promotional and informational effort made to introduce both the housing industry and the house buying public to condominium housing. The Province has also been engaged in a longer term program to introduce public housing to municipalities and to the housing industry. It is a program of this sort which will be necessary if Third Sector housing is to assume significant dimensions. Such a program must be designed and implemented in conjunction with Third Sector organizations. The scale and direction of such a program must be co-ordinated with the increasing ability of the Third Sector to deliver various forms of housing.

2. Technical Service Organization. In the previous section we discussed various alternatives as to how organizational and technical support can be provided to Third Sector organizations. At that time it was concluded that the appropriate mechanism was a Third Sector organization which would be supported in part by the province. Other forms of financial support would be received from the Third Sector itself and from fees for services performed.

The functions of this organization would be to assist in informing potential sponsors of the possibilities for projects, preliminary feasibility studies, assistance in forming non-profit



and co-operative organizations to undertake projects, the analysis of sites, assistance in design programming, assistance in choosing professional advisors, advice concerning the appropriate development method and forms of contracts, arranging mortgage and interim financing as well as other forms of financial assistance, advice as to effective ways in which users can become progressively involved in the development and management of the project, preparation for the opening of the project, and on-going assistance with the management of the completed project.

The experience of the building co-operative in Ontario and the experience of non-profit and co-operative housing in countries where it is a significant percentage of the housing stock indicates the need for such an institution if lay persons are to successfully undertake the development and management of housing. Similar institutions in the United States would be the Nonprofit Housing Center and the Foundation for Cooperative Housing.

One issue at the present time is the appropriate scope of such an organization. In the United States, in addition to these national organizations, there has been an attempt to create Housing Development Corporations in major municipalities. The HDC's would perform the services mentioned above. Given the smaller scale of non-profit housing at the present time, we would recommend that a major effort be made to support one organization at the provincial level with the possibility that at a later date, as the scale and variety of projects increase, that regional technical service



organizations in major population centres of the province may become feasible. At the present time the one area where a distinct organization would seem to be appropriate is in the case of housing for native peoples.

3. Relationship to Other Provincial Housing Programs. The development of a non-profit sector must be closely integrated with other provincial housing and community development programs. In the course of this report we have indicated several situations in which particular types of joint efforts might be undertaken. Two other areas where non-profit and co-operative organizations would be capable of extremely effective action would be in the context of Neighbourhood Improvement Programs and the development of new towns. In both instances Third Sector projects offer a vehicle for participation in a situation of rapid social change. They thus contribute to the strengthening of communal ties.
4. Manpower Development. The development of a significant Third Sector will require the training of a civil service which possesses both the technical knowledge necessary for housing management, commitment to the Third Sector approach and ability to work in a participative setting. Even with the current level of Third Sector production, such staff are difficult to find. It is strongly recommended that a training program be made available. One such model for a training program is that of the Housing Specialist Institute in Washington, D.C. The type of skills which are required





means that such persons would also be capable of working in public housing and condominium management.

5. Research. At the present time the research priorities of Ontario Housing Corporation are focused on the technological aspects of housing. This is an appropriate type of research for OHC because it is of direct benefit to OHC's own programs. But there is an equal need for research which is primarily practical or applied in nature and which focuses on the social dynamics or social technology of housing development. It is recommended that particular emphasis be given to such research. This would benefit not only the Third Sector but also the public sector which, because of its ability to identify prospective project residents, is in a position to engage in participative development techniques.

6. Representation. The non-profit sector will require a means of having their interests represented in the on-going monitoring, evaluation and further formulation of housing policy and programs in the province. At the present time there exists an Ontario Housing Advisory Committee. This Committee represents primarily the interests of the private development industry. We would recommend that a similar body be established with provincial government support in order to perform an advisory and representative function for the Third Sector.



The final issue concerns the rate of growth for the Third Sector. What should be expected of an active policy? Because of its voluntary and participative nature, the Third Sector growth pattern will be different from that of the rapid development of the public housing sector in Ontario since 1964. The Third Sector organizations will not have access to the monopoly powers and the unified command structure of a crown corporation. In the next few years the primary emphasis should be put upon the promotion of the Third Sector as a realistic housing alternative for low and moderate income families and upon developing the manpower and technical support institutions. The efforts made in this direction will determine the rate of Third Sector housing production. It is to be expected that with the passage of the federal legislation, especially if it is supported by the type of provincial policy we have suggested, that there will be a rapid expansion of non-profit activity in the next two years. This will be in large measure a result of the expectations and interest which has been aroused to date. This will provide the time in which provincial policy and programs can be elaborated and the institutional capability of the non-profit sector developed. On this basis it would not be unreasonable to expect the Third Sector to be providing something in the order of ten to fifteen times its current level of production within the next five years.



## APPENDIX I

ABBREVIATIONS

- |                  |  |
|------------------|--|
| 1. C.C.D.S.      | Canadian Council on Social Development   |
| 2. C.M.H.C.      | Central Mortgage and Housing Corporation   |
| 3. Dennis Report | M. Dennis and S. Fish: Programs in Search of a Policy: Low Income Housing in Canada, Hakkert 1972. |
| 4. L.I.P.        | Local Initiatives Program  |
| 5. N.H.A.        | National Housing Act   |
| 6. O.F.Y.        | Opportunities for Youth Program  |
| 7. O.H.C.        | Ontario Housing Corporation  |
| 8. Y.W.C.A.      | Young Womens' Christian Association  |



## APPENDIX II

Provisions for Co-operative Housing  
Under the Amended National Housing Act

Type of Co-op & Loan Program	Type of Contribution for Which Co-op and/or Residents are Eligible			
	AHO Annual	Non-Profit Capital	Start-up Grants	Sectn 44 Subsidies
1. Part I & Sectn. 58: Insured loans to Building Co-operatives			X	
2. Part I & S. 58: Insured loans to Continuing Co-ops and for Co-op owned rental projects				X
3. Part I & S. 58: Insured 100% loans to Non- profit co-ops, subject to operating agreement with CMHC (Suggested new program)			X	X
4. Sectn. 15: 95% loans to non-profit co- ops with resident membership and equity contribution		X	X	X
5. Sectn. 15: 95% loans to co-op sponsored low rental projects		X	X	X
5(a)-same with 100% loans to non-profit corporation		(if non- profit co-op)	(if non- profit co-op)	
6. Sectn. 15.1: 100% loans to non-profit co-ops	⓪?	X	X	X
7. Sectn. 34.18 (2)(a): AHO loans to Building Co-ops	X		X	
8. Sectn. 34.18 (2)(a): AHO loans to non-profit continuing co-ops	X		X	
9. Sectn. 34.18 (2)(a): AHO loans to other continuing co-ops	X			





# APPENDIX III

## HOUSING CO-OPERATIVES IN ONTARIO

<u>Name</u>	<u>Supporting Organizations</u>	<u>Unit Type</u>	<u>Members' Equity</u>	<u>Monthly Charge</u>	<u>CMHC Income Range</u>	<u>Lowest Income With Internal Subsidy</u>
Solidarity Towers (1967) Windsor (Market Interest Rate)	U.A.W.	98 1-Bed 100 2-Bed 102 3-Bed	\$1,590 \$1,965 \$2,230	\$173 - 180 \$197 - 204 \$220 - 227	N/A	N/A
Twin Pines Village (1971) London	United Church Unions	12 1-Bed 38 2-Bed 30 3-Bed 4 4-Bed	\$625 \$740 \$865 \$970	\$129 \$154 \$179 \$204	\$5160 - \$7136 \$6098 - \$8519 \$7160 - \$9902 \$8160 - \$11,285	\$4160 \$5098 \$6160 \$7160
Ashworth-Square (1971) Mississauga	United Church	20 1-Bed 60 2-Bed 66 3-Bed 6 4-Bed	\$690 \$850 \$950 \$1,075	\$129 \$160 \$181 \$207	\$5100 - \$7100 \$6400 - \$8800 \$7200 - \$9400 \$8300 - \$10,000	\$3600 \$4000 \$4400 \$4844
Alexandra Park (1973) Toronto	Various Toronto Churches	2 5-Bed 29 4-Bed 8 3-Bed 37 2-Bed 24 1-Bed 3 clusters of 4 rooms and kitchen	\$850 \$825 \$800 \$675 \$625 \$250	\$192 \$187 \$182 \$160 \$138 \$70	\$7600 - \$9800 \$7400 - \$9600 \$7200 - \$9500 \$6400 - \$8600 \$5500 - \$7500 \$2800 - \$3900	\$5600 \$5400 \$5200 \$4500 \$3800 \$1500
Parc Beau Soleil (1973) Ottawa		34 3-Bed 22 4-Bed	\$975 \$1,100	\$195 \$210	\$7800 - \$10,725 \$8400 - \$10,100	\$5800 \$5000



<u>Name</u>	<u>Supporting Organizations</u>	<u>Unit Type</u>	<u>Members' Equity</u>	<u>Monthly Charge</u>	<u>CMHC Income Range</u>	<u>Lowest Income With Internal Subsidy</u>
Cordova Homes (1974)	Oshawa Labour Council	8 4-Bed 40 3-Bed	\$1,200 \$1,100	\$218 \$208	\$8700 - \$9950 \$8300 - \$9500	\$6700 \$6300
Oshawa	Social Planning Council	30 2-Bed 16 1-Bed	\$950 \$800	\$187 \$142	\$7500 - \$8500 \$5700 - \$6500	\$5500 \$4000

Forward 9 Community Development Co-op  
WARD 9, Toronto  
(1973 0 1974)

Neighbourhood Association

\$1.5 million committed to purchase and renovation of houses for family and single person (hostel) use.  
Rents and downpayments vary from house to house.

#### NOTES

1. Outside of Ontario, there are co-operatives in Winnipeg (Willow Park, 320 units, 1964, 1970), Calgary (Sarcee Project, 380 units, 1970), and Vancouver (De Cosmos Village, 110 units, 1972).

There are also smaller ones in Abbotsford, B.C., and in Regina.

There are several more in the development stages.

2. Monthly charge includes Heat, Utilities and Cable TV.

3. In this High Rise, there is the usual increase for apartments higher in the building.



## APPENDIX IV

Performance of Co-operatives  
in the United States

## COOPERATIVE ADVANTAGES

The Office of the Special Assistant for Cooperatives, HUD, Philip R. Thompson, recently released figures compiled by the Urban Institute of Management and Research which reveal marked financial and environmental advantages of cooperatives as compared with other types of FHA-insured housing.

According to the figures, released December 31, 1971 cooperatives on the whole have about the same default rate as single family 203(b) dwellings and generally have about one-half the rate of multifamily projects.

Some of the most striking figures pertained to maintenance and administrative costs involved in various types of housing. In cooperatives, these costs were shown to be substantially less than in either nonprofit rental or limited dividend developments.

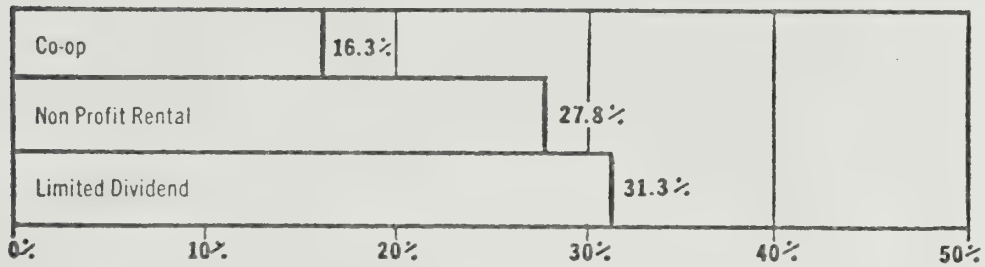
The turnover rate for cooperatives financed under Section 221(d)(3) was reported to be approximately one-half that of the rental programs. According to Mr. Thompson, the turnover rate is usually closely related to the cost of maintenance and labor as well as to the morale of the complex. "A low turnover rate generally means that the monthly carrying charges are less," he said.

The Institute study indicates that cooperatives also have a lower density. Cooperatives surveyed by the investigators averaged approximately 15 units per acre. Rental projects in comparable test groups have an average density of 20 units per acre, with 76% built in stacked apartments, according to the study.

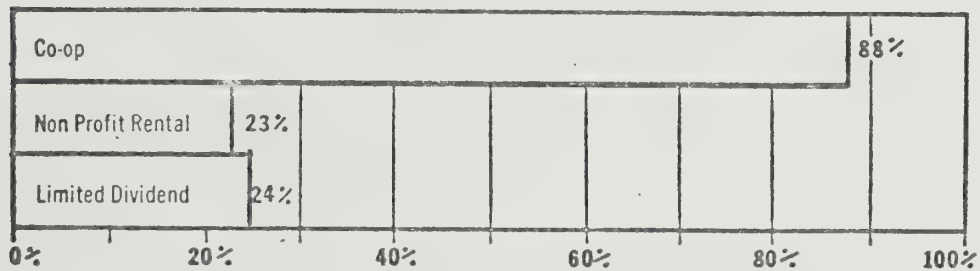


URBAN INSTITUTE OF MANAGEMENT AND RESEARCH  
PRELIMINARY REPORT OF 221(d)(3) TEST GROUP OF BMIR PROGRAM

Turnover Rate

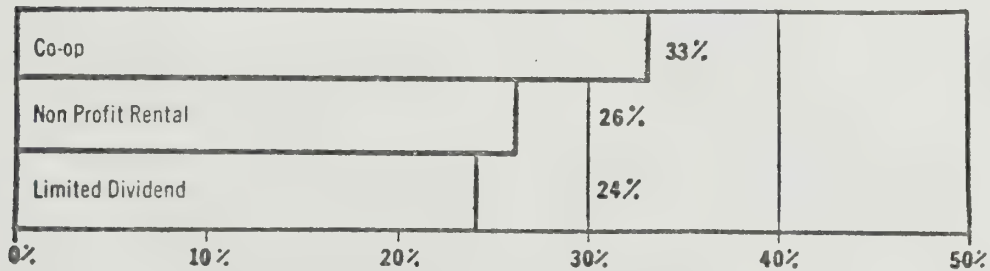


Percent of Row Housing

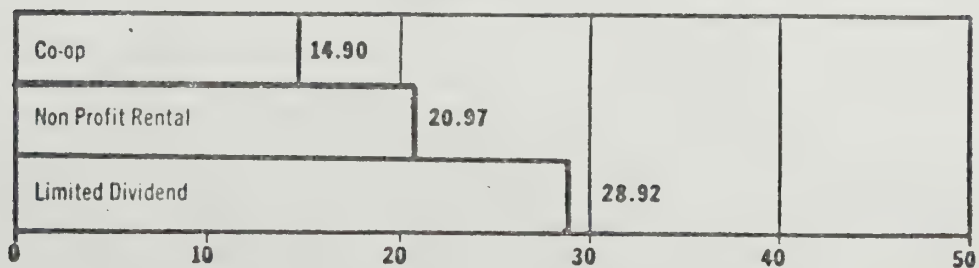


URBAN INSTITUTE OF MANAGEMENT AND RESEARCH  
PRELIMINARY REPORT OF 221(d)(3) TEST GROUP OF BMIR PROGRAM

Percent of Three Bedrooms



Density Per Acre (Units)

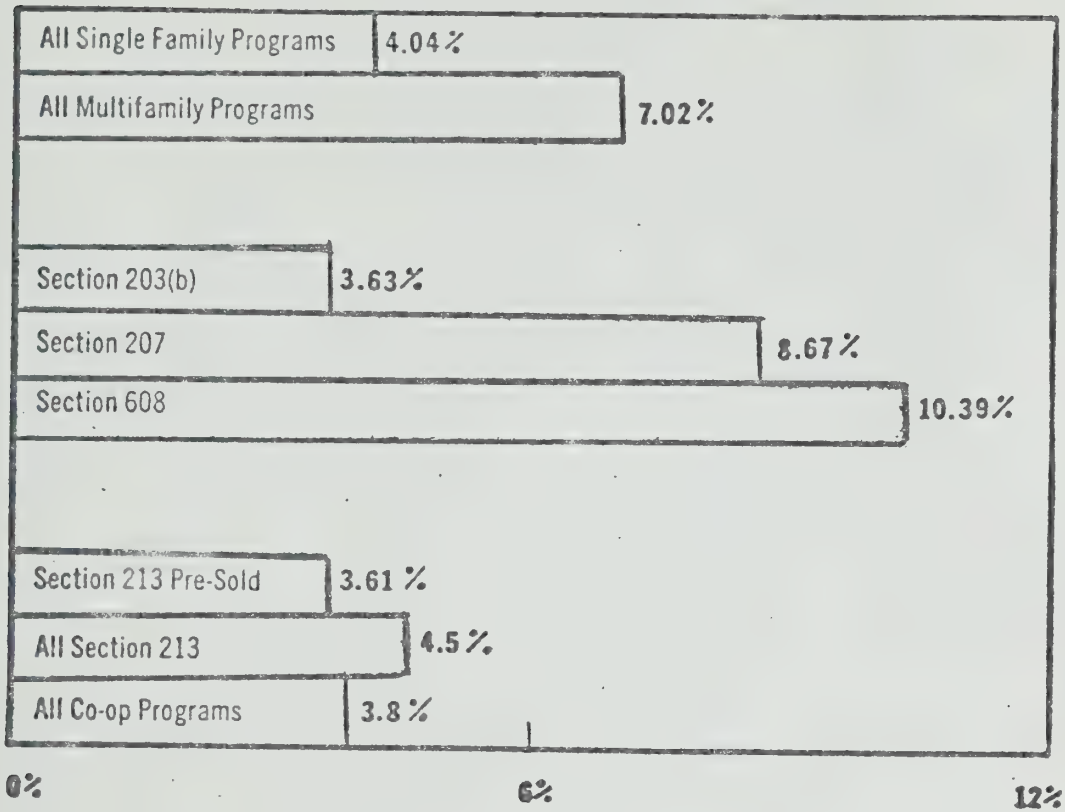




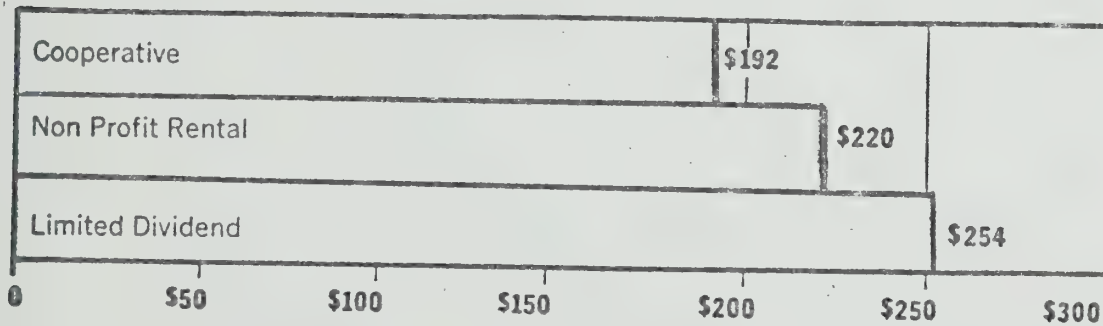


## COMPARATIVE DEFAULT RATES

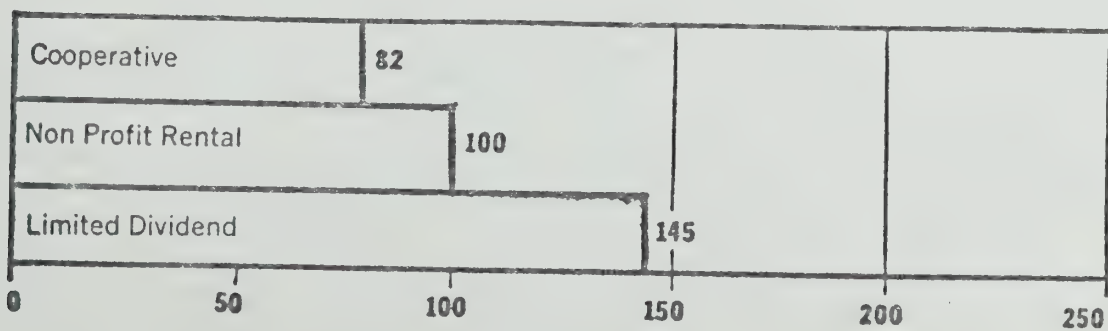
Percent of defaults in relation to total number insured



## TOTAL MAINTENANCE AND OPERATING EXPENSE PER UNIT PER YEAR



## TOTAL ADMINISTRATIVE AND RENTAL EXPENSE PER UNIT PER YEAR





21-9-60









